DOCUMENT RESUME

ED 394 452 HE 029 148

AUTHOR	Barba, J. David
TITLE	Report of the State Auditor. State Colleges in Colorado. Financial, State-Funded Student Financial Assistance Programs, and NCAA Audits. Fiscal Year Ended June 30, 1995.
INSTITUTION	Colorado State Office of State Auditor, Denver.
REPORT NO	RCN-15815
PUB DATE	Nov 95
NOTE	121p.
AVAILABLE FROM	Office of State Auditor, Legislative Services Building, 200 East 14th Ave., Denver, CO 90203-2211.
PUB TYPE	Reports - General (140) -- Guides - Non-Classroom Use (055)
EDRS PRICE	MF01/PC05 Plus Postage.
DESCRIPTORS	Athletics; *Financial Audits; Financial Policy; Higher Education; *State Colleges; *Student Financial Aid
IDENTIFIERS	Adams State College CO; Colorado; Colorado (Denver); Mesa State College CO; Metropolitan State College CO; National Collegiate Athletic Association; Western State College CO

ABSTRACT

The results of a Colorado State audit of the consolidated financial statements are reported, along with the statements of appropriations, expenditures, transfers and reversions for state-funded Student Financial Assistance Programs for the four State Colleges in Colorado for the year ended June 30, 1995. Specific recommendations are given for each of the colleges: Adams State College, Mesa State College, Metropolitan State College of Denver, and Western State College. The college's internal control structure and compliance with applicable laws and regulations was also noted. The accounting records and the system of internal accounting controls of Mesa State College were processed to assist the college in compliance with the audit requirements of the National Collegiate Athletic Association. The responses of the colleges to the findings and recommendations of the audit are included. (JPB)

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REPORT OF

THE

STATE AUDITOR

STATE COLLEGES IN COLORADO FINANCIAL, STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS, AND NCAA AUDITS

FISCAL YEAR ENDED JUNE 30, 1995

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200 East 14th Avenue
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November 10, 1995

Members of the Legislative Audit Committee:

This report contains the results of the financial, state-funded student assistance programs, and National Collegiate Athletic Association (NCAA) audits of the State Colleges in Colorado. This report presents our findings and recommendations and the responses of the State Colleges in Colorado.

The auditor's reports on compliance and internal accounting and administrative controls included in this document are intended solely for the information and use of the Legislative Audit Committee, the State Colleges in Colorado, and the cognizant federal and state agencies from which the State Colleges receive grant monies, and should not be used for any other purpose. This restriction is not intended to limit distribution of this report which, upon release by the Legislative Audit Committee, is a matter of public record.

J. David Barba

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STATE OF COLORADO
OFFICE OF STATE AUDITOR
REPORT SUMMARY

J. DAVID BARBA, C.P.A.
Acting State Auditor

STATE COLLEGES IN COLORADO
FINANCIAL, STATE-FUNDED STUDENT
FINANCIAL ASSISTANCE PROGRAMS, AND NCAA AUDITS
FISCAL YEAR ENDED JUNE 30, 1995

Authority, Purpose, and Scope

These audits of the State Colleges in Colorado were conducted under the authority of Section 2-3-103, C.R.S., which authorizes the State Auditor's Office to conduct audits of all departments, institutions, and agencies of state government. These audits were made in accordance with generally accepted auditing standards. Audit work was performed from May 1995 through November 1995.

The purposes and scope of our audits were to:

- Express an opinion on the consolidated financial statements of the State Colleges in Colorado for the year ended June 30, 1995. This included a review of the related internal control structure as required by generally accepted auditing standards.
- Evaluate compliance with rules and regulations governing the expenditure of federal and state funds.
- Express an opinion on the Statements of Appropriations, Expenditures, Transfers, and Reversions for State-Funded Student Financial Assistance Programs for Adams State College, Mesa State College, Metropolitan State College of Denver, and Western State College for the year ended June 30, 1995.
- Perform certain agreed-upon procedures regarding the records and internal control procedures related to Mesa State College's Intercollegiate Athletics Program. These procedures were performed to assist Mesa State College in complying with provisions of National Collegiate Athletics Association (NCAA) Bylaw 6.2.3.2.
- Evaluate progress in implementing prior audit recommendations.

The Schedules of Federal Financial Assistance activity and applicable audit opinions and reports of the State Colleges in Colorado are included in the June 30, 1995, Statewide Single Audit Report issued under a separate cover.

For further information on this report, contact the State Auditor's Office at (303) 866-2051

Audit Opinions and Reports

We expressed unqualified opinions on the consolidated financial statements and the Statements of Appropriations, Expenditures, Transfers, and Reversions for State-Funded Student Financial Assistance Programs for the State Colleges in Colorado for the year ended June 30, 1995.

We issued reports on the State Colleges' internal control structure and on compliance with applicable laws and regulations. We did not note any material internal control weaknesses or material instances of noncompliance with legal or regulatory requirements.

We applied certain agreed-upon procedures to the accounting records and to the system of internal accounting controls of Mesa State College for the year ended June 30, 1995, to assist the College in complying with the audit requirements of the National Collegiate Athletic Association (NCAA) Bylaws. Opportunities for improvement in the accounting procedures are presented in the Findings and Recommendations section for Mesa State College in this report.

Summary of Findings and Recommendations

The State Colleges in Colorado issues a single set of financial statements that consolidates the financial activity of the four state colleges and the Office of State Colleges. The consolidated financial statements are prepared by the Office of State Colleges and reviewed by the State Auditor's Office. Our review included verifying the information reported in the consolidated financial statements with the audit work performed by the certified public accounting firms at the four state colleges. The State Auditor's Office uses all audit work to express an opinion on the financial statements of the State Colleges in Colorado.

The following is a summary of the significant findings and recommendations included in this report.

ADAMS STATE COLLEGE

Make Federal Cash Draws Coincide More Closely With the Release of Federal Financial Aid

Adams State College disburses financial aid awards to students when tuition and fees are paid. During the 1994 fall semester the College gave the students credit for their financial aid on August 31. The cash draw for the financial aid disbursements was not requested until September 6, 1994, when the federal cash balance was negative $608,861. The draws should be made prior to, or as close as possible to, the actual disbursement of funds to financial aid recipients. **We recommend that Adams State College estimate federal financial aid to be disbursed during tuition and fees week and request the cash draw to coincide with the disbursements of federal funds.**

Adams State College Response:

Agree. Adams State College has already implemented this recommendation effective fall semester, 1995.

MESA STATE COLLEGE

Ensure That Changes to Payroll Database Are Approved

Mesa State College uses authorization documents to approve changes made to payroll data. During Fiscal Year 1995 Mesa State College reorganized its personnel and payroll functions. However, the review process for determining whether all changes are made and authorized is incomplete. This results in an increased risk that unauthorized or incorrect changes could be made to the payroll system. **We recommend that Mesa State College ensure all changes to payroll data have been properly approved and input by requiring an additional review by persons independent of the input process.**

Mesa State College Response:

Agree. Mesa State College will implement appropriate review procedures to provide for independent verification of changes made to payroll data.

METROPOLITAN STATE COLLEGE OF DENVER

Revise Financial Aid Repayment Policy

Financial aid recipients who receive cash for living expenses are subject to a repayment procedure if they withdraw from the College prior to the ninth week of the semester. The College's current repayment policy is based on reducing the repayment percentage as the semester progresses. Federal regulations require a comparison of dollars disbursed to dollars needed according to financial aid budgets prorated over the period. **We recommend that Metropolitan State College revise its repayment policy to a dollar basis in which aid disbursed is compared with budgeted living expenses for the period enrolled.**

Metropolitan State College of Denver Response:

Agree. Recommended changes have been made. The second page of our "Refund Overpayment Calculation Worksheet" (REF/REPMT) was revised and implemented June of 1995.

WESTERN STATE COLLEGE

Review of Financial Information Reports Provided to Management Should Be Made

The information reporting system used by Western State College provides management with various types of reports to aid in managing the College. Management level users of the College's information system that were surveyed felt the information provided was generally useful and accurate. However, certain users indicated that some changes in the information they received could help management accomplish their responsibilities better. **We recommend that Western State College study the flow of information to management, eliminate unnecessary reporting, and enhance the current system by further defining the needs of the users.**

Western State College Response:

Agree. Western State College will continue to solicit participation in user groups, surveys, and discussions with regard to reporting. It should be noted that the College's ADP staff is service-oriented, particularly in ad hoc reporting, and continues to exhibit a desire to contribute reporting that facilitates management systems of the College.

Summary of Progress in Implementing Prior Audit Recommendations

The audit report for the State Colleges in Colorado for Fiscal Year 1994 contained 12 audit recommendations. The disposition of these recommendations as of November 10, 1995, was as follows:

Adams State College

Implemented	2
Partially Implemented	1
Total	3

Mesa State College

Not Implemented	1
Total	1

Metropolitan State College of Denver

Implemented	4
Partially Implemented	1
Total	5

Western State College

Implemented	1
Partially Implemented	1
Total	2

Office of State Colleges

Implemented	1
Total	1

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	11	Estimate federal financial aid to be disbursed during tuition and fees week, and request the cash draw to coincide with the disbursements of federal funds.	Adams State College	Agree	Fall Semester 1995
2	12	Record all liabilities at June 30. Estimates of construction in progress should be made and included in accounts payable.	Adams State College	Agree	FY 95-96
3	13	Perform a physical inventory count on an annual basis in accordance with State Fiscal Rules. Also, ensure all assigned inventory tags are attached to the applicable equipment, and adopt a policy that requires equipment tags be attached as purchases are made.	Adams State College	Agree	FY 95-96
4	13	Adopt a policy that requires the inventory computer system to be backed up on a regular basis.	Adams State College	Agree	FY 95-96
5	15	Mesa State College should improve certain internal accounting procedures and controls related to its intercollegiate athletics operations.	Mesa State College	Agree	FY 95-96
6	16	Follow established policies and procedures to ensure timely refunds to the Stafford Loan Program in the future.	Mesa State College	Agree	Spring 1996

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
7	16	Ensure all changes to payroll data have been properly approved and input by requiring an additional review by persons independent of the input process. This review should be documented to provide an audit trail.	Mesa State College	Agree	FY 95-96
8	17	Revise repayment policy to a dollar basis in which aid disbursed is compared with budgeted living expenses for the period enrolled.	Metropolitan State College of Denver	Agree	June 1995
9	18	Consider tighter procedures for canceling student registrations for nonpayment to avoid improper recognition of tuition, federal assistance, and FTE enrollment.	Metropolitan State College of Denver	Partially Agree	Spring 1996
10	20	Obtain a clearer understanding of the various required refund calculations, and consistently apply the requirements to the College's tuition and fee structure.	Metropolitan State College of Denver	Agree	Phase I - Spring 1996 Phase II - Summer 1996
11	20	Develop procedures to ensure that all financial aid refunds are returned to the program or lender on a timely basis.	Metropolitan State College of Denver	Agree	Spring 1996

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
12	21	Delete passwords for access to the computer system when a person terminates employment. The computer access of personnel who transfer to a new job should be reviewed, and any accesses no longer required should be deleted.	Metropolitan State College of Denver	Agree	Phase I - March 1996 Phase II - FY 1999-00
13	22	Segregate the duties and the related computer accesses between programmers, computer operators, and users when computer accesses are assigned. Existing access should be reviewed over a period of time, and any conflict or unnecessary accesses should be deleted.	Metropolitan State College of Denver	Agree	Phase I - FY 97-98 Phase II - FY 98-99 Phase III - FY 99-00
14	23	Require supervisory review and approval to transfer programs to the hold library for production jobs, and copy each version of program used. Review jobs currently in the hold library, and delete unnecessary jobs.	Metropolitan State College of Denver	Agree	Phase I - FY 97-98 Phase II - FY 98-99 Phase III - FY 99-00

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
15	24	Implement a tracking system to provide information on the status of the student loans including routinely checking exit status and documentation of exit conferences. In addition, staff training is needed to make them aware of federal regulations and documentation requirements.	Western State College	Agree	January 1996
16	25	Perform monthly reconciliations between financial aid and general ledger reports in a timely manner to ensure correct information is being reported.	Western State College	Agree	December 1995
17	25	Train persons handling Perkins promissory notes of the requirements, and correct incomplete addresses when the note is signed.	Western State College	Agree	FY 95-96
18	26	Study the flow of information to management, eliminate unnecessary reporting, and enhance the current system by further defining the needs of the users.	Western State College	Agree	FY 95-96
19	27	Adopt an annual procedure to identify current modules forms access, and determine if the access is necessary for performing management and oversight roles. All other modules forms access should be eliminated unless the need for such access is documented and approved by the Database Administrator.	Western State College	Agree	January 1996

Description of the State Colleges in Colorado

The State Colleges in Colorado

The Board of Trustees of the State Colleges in Colorado (State Colleges) is the governing board for Adams State College, Mesa State College, Metropolitan State College of Denver, and Western State College. Recognizing that each of the colleges has a singular role to play in a system committed to excellence in teaching, the Board of Trustees provides the direction, incentives, and resources to empower its faculty, students, and staff. The Trustees are statutorily charged with responsibility in the areas of finance, resources, academic programs, admissions, role and mission, and personnel policies.

The Board's history, which began in 1889 with its designation as Trustees of State Normal Schools, records three consistent goals:

- To provide outstanding teaching in four distinctive institutions with diverse student populations
- To confer Board and campus leadership that connects educational issues with the future of Colorado and the communities in which the institutions are located
- To assure to the people of Colorado the most effective utilization of human and financial resources

The Board consists of seven members appointed by the Governor to serve four-year terms. Additionally, a faculty and student Trustee are elected to serve one-year terms. The President of the State Colleges is responsible for providing leadership for the system and for administering the policies and procedures of the Trustees. The Board conducts its business at regular monthly meetings and special meetings, all of which are open to the public.

Office of State Colleges

The Office of State Colleges, under the direction of the President of the State Colleges in Colorado, is responsible for administering the Trustees' policies and procedures, and for coordinating reporting requirements and external matters for the four state colleges.

Adams State College, Alamosa

Adams State College is a comprehensive liberal arts college with selected graduate programs. Boasting a multicultural student body, Adams State College extends to its students a supportive residential setting and an opportunity to experience the Hispanic and Native American heritage and culture of the San Luis Valley and surrounding region.

Mesa State College, Grand Junction

Mesa State College is a multipurpose institution serving the cultural and educational needs of western Colorado. Reflecting its educational role and mission, the College offers certificate programs, associate degrees, and baccalaureate degrees, and facilitates access to graduate programs provided by other institutions.

Metropolitan State College of Denver

Metropolitan State College of Denver strives to offer high-quality, accessible education to a diverse student population. Metropolitan State College of Denver is dedicated to cultural pluralism and sensitivity, teaching excellence, high academic standards, and service to the greater metropolitan community.

Western State College, Gunnison

Western State College is an undergraduate college of liberal arts and sciences with compatible professional disciplines. Committed to excellence in undergraduate education, a four-year core curriculum, gender and ethnic diversity, and community involvement, Western State College provides interdisciplinary studies that take advantage of the opportunities of its rural, mountain location.

Findings and Recommendations

Adams State College

The following comments were prepared by the public accounting firm of Wall, Smith, Bateman and Associates, Inc., who completed audit work at Adams State College.

Make Federal Cash Draws Coincide More Closely With the Release of Federal Financial Aid

The federal cash draw should coincide with the release of the federal financial aid to the students that occurs when the tuition and fees are paid. Adams State College gave the students credit for their financial aid on August 31, 1994. The tuition and fees payment schedule was September 1, 1994, through September 9, 1994. The request for the federal cash draw was made on September 6, 1994, and the draw was received on September 8, 1994. The federal cash balance was negative $608,861 on the date that the federal cash draw was ordered. The College could have drawn the federal money and had the benefit of the cash flow as of September 1, 1994.

Recommendation No. 1

Adams State College should estimate the amount of the federal financial aid that will be distributed during tuition and fees week and request the cash draw to coincide with the disbursement of the federal funds.

Adams State College Response:

Agree. Adams State College has already implemented this recommendation effective fall semester, 1995.

Properly Record Accounts Payable

Accounts payable should be recorded for all items or events that were received or completed as of June 30, 1995. During our audit of the Adams State College accounts payable, the search for unrecorded liabilities revealed $658,713 in construction completed with invoices dated prior to June 30, 1995, that were not recorded in accounts payable.

Recommendation No. 2

Adams State College should record all liabilities at June 30. Estimates of construction in progress should be made at year-end and included in accounts payable in the financial statements.

Adams State College Response:

Agree. FY 94-95 was the first full year of a large remodeling project funded by a bond issue for Adams State College. Invoices totaling approximately $468,000 for work done in June 1995 were not received until the end of July 1995. Even though the amount of work done in June would have been difficult to determine, a review of the outstanding encumbrances may have proved helpful in determining a reasonable estimate to be recorded in construction in progress. Therefore, Adams State College will include the procedure of reviewing material outstanding encumbrances at year-end so that proper liabilities will be recorded.

Improve Controls Over Fixed Assets

In accordance with Section 7.34 of the State of Colorado Fiscal Rules, each agency is responsible for the safeguarding, tagging, care, maintenance and proper use of all equipment. Each agency is assigned the responsibility of recording all capitalized property and of conducting an annual physical inventory.

A physical count has not been performed at Adams State College since June 30, 1993. Additionally, we found that numerical equipment tags assigned to purchased equipment were left in a desk drawer and were not attached to the equipment.

Recommendation No. 3

Adams State College should perform a physical inventory count on an annual basis in accordance with Section 7.34 of the State of Colorado Fiscal Rules. Also, all equipment tags that are in the desk drawer should be attached to the applicable equipment and a policy should be adopted that requires the equipment tags be attached as purchases are made.

Adams State College Response:

Agree. Adams State College had an irresponsible employee assigned to capital inventory. This employee was replaced and the new employee is performing the assigned duties of inventory acquisition and control as dictated by policies and procedures. Physical observation and tagging will be done in a timely manner in the future.

Ensure Maintenance Inventory Computer Backup

The maintenance department is now maintaining its inventory on the computer system. The system is currently not being backed up on a regular basis. In the past, computer failure has caused the department to lose inventory data. Regular backup procedures would alleviate problems caused by lost data.

Recommendation No. 4

The Adams State College Maintenance Department should adopt a policy requiring their computer system is backed up on a regular basis.

Adams State College Response:

Agree. Facilities Services will purchase hardware for backup to attach to the computer system containing the inventory data. We will begin backing up the records on a daily basis.

Mesa State College

The following comments were prepared by the public accounting firm of Chadwick, Steinkirchner, Davis & Co., P.C., who completed audit work at Mesa State College.

Improve Controls Over Intercollegiate Athletics Operations

During our testwork related to the intercollegiate athletics program at the College, we noted the following areas where improvements could be made in the procedures and controls related to the intercollegiate athletics operations.

During the observation of gate ticket sale procedures we observed that all documentation for ticket sales is included on the "Ticket Sales Report." The only copy of these reports is attached to the day's cashiering session in the business office where it is filed away with the record of the day's receipts. In our testing we found that some of these reports were missing and could not be found. The athletic department should be responsible for keeping a record of these reports to ensure that they are available. We also noted that gate tickets are pre-numbered but the sequence is not logged. A system of logging the pre-numbered tickets would enhance internal control over ticket revenue.

We also noted the following areas where improvements could be made at the College:

- Maverick Media Guide Advertising sales revenue is not completely documented. A more formal accounting system would provide more reliable information regarding sales.

- Not all of the Mesa State College Golf Club cards are pre-numbered. Promotional tickets are not numbered. Pre-numbering promotional tickets would enhance internal control over golf club card revenue.

- In-kind revenue received in exchange for advertising is not currently recorded in the general ledger. The College should consider implementing procedures to record this activity.

Recommendation No. 5

Mesa State College should improve certain internal accounting procedures and controls to related to its intercollegiate athletics operations.

Mesa State College Response:

Agree.

Ensure Timely Refunds Due to Lenders Under U.S. Department of Education Stafford Loan Program

When Mesa State College receives student financial assistance funds, it is required to comply with certain federal and state rules and regulations. We reviewed compliance with federal and state rules and regulations for student refunds by testing refund calculations for 30 students who had withdrawn from school prior to the end of the semester. Of these students, 18 had withdrawn early enough to cause the College to be required to refund a portion of the funds it received to the federal or state financial aid program, or directly to the lender if from a Stafford Loan.

We noted that out of the 18 refunds due, 2 refunds due to a lender under the Stafford Loan Program were not made within 60 days of withdrawal as program regulations require.

Mesa State College has indicated the untimely refunds were due to the implementation of new Student Financial Aid refund regulations and personnel turnover in the Mesa State College Financial Aid Office.

In May 1995 the United States Department of Education conducted a program review of the Title IV Federal Student Financial Assistance Programs administered by Mesa State College. This program review noted the same instances of noncompliance with timely refunds as we noted in our audit. Mesa State College has replied to these findings and on September 15, 1995, received a Final Program Review Determination Letter from the United States Department of Education

stating that Mesa State College had provided documentation indicating that required refunds had been made and that interest and special allowance amounts calculated for the late refunds were minimal; therefore, no liabilities would be assessed. The finding was considered closed by the United States Department of Education.

The College has implemented new refund procedures for all students who completely withdraw from school. The College is also keeping a federal log within the Financial Aid Office that includes withdrawal dates, refunded programs, and amounts to ensure timely refunds and accurate calculations.

Recommendation No. 6

Mesa State College should follow established policies and procedures to ensure timely refunds to the Stafford Loan Program in the future.

Mesa State College Response:

Agree. New procedures and policies for student refunds have been instituted.

Ensure That Changes to Payroll Database Are Approved

Mesa State College uses authorization documents to approve changes made to payroll data. During Fiscal Year 1995, Mesa State College reorganized their personnel and payroll functions. However, the review process to determine whether all authorized changes are made and that all changes are authorized is incomplete. This results in a risk that unauthorized or incorrect changes could be made to the payroll system.

Recommendation No. 7

Mesa State College should have edit reports or other documentation of changes reviewed by a person independent of the input process to ensure that all authorized changes to payroll data have been properly approved and input. This procedure could be performed by the personnel department, since it is now independent of the accounting and payroll function. Further, this review process should be documented to provide an audit trail of the procedures performed.

Mesa State College Response:

Agree. Mesa State College will implement appropriate review procedures to provide for independent verification of changes made to payroll data.

Metropolitan State College of Denver

The following comments were prepared by the public accounting firm of Anderson & Whitney, P.C., who completed audit work at Metropolitan State College of Denver.

Revise Financial Aid Repayment Policy

Student financial assistance recipients who receive cash for living expenses are subject to a "repayment" procedure if they withdraw from the College prior to the ninth week of the semester.

The College's repayment policy is based on repaying a declining percentage of the funds received as the semester progresses. Federal regulations require a comparison of dollars disbursed with dollars needed according to financial aid budgets prorated over the period. For example, if a student received $1,000 in aid for living expenses but only needed $500 according to the budget for the period enrolled, he or she would owe a repayment of $500.

Of 16 students tested, Metropolitan State College computed repayments totaling $4,304 for 8 students who would owe no repayment under a dollar comparison approach. When repayments are computed, the College attempts to collect the repayment from the student and, if successful, will return the money to the federal programs.

Recommendation No. 8

Metropolitan State College of Denver should revise its repayment policy to a dollar basis in which aid disbursed is compared with budgeted living expenses for the period enrolled.

Metropolitan State College of Denver Response:

Agree. Recommended changes have been made. The second page of our "Refund Overpayment Calculation Worksheet" (REF/REPMT) was revised and implemented June of 1995.

Refine Registration Cancellation Procedures for Nonpayment

Students are allowed to use a "financial aid" pay code in the registration system if they have been awarded financial aid by a certain date. We noted two students using the "financial aid" pay code who never paid their student balance, but were not canceled.

One out-of-state student with tuition and fees of $3,336 used the "financial aid" pay code, but was only awarded financial aid of $1,150. The remaining balance of $2,186 was never paid and was eventually sent to collection. In a receivable confirmation, the student stated that she never began attendance at the College. Thus she would be ineligible for the $1,150 Pell grant that was awarded. Financial aid regulations require a student's award to be recalculated to a lower enrollment status if he or she does not begin attendance in all classes. This is not considered a questioned cost because it has not been verified by the College that the student did not begin attendance.

We also noted an in-state student who used the "financial aid" pay code but who never submitted a Student Aid Report to finalize the Pell payment. Thus the Pell payment was never received and tuition and fees of $1,121 were never paid and were eventually sent to collection. According to the Colorado Commission on Higher Education regulations, tuition must be assessed and collected for all credit hours that will be reported as student FTE enrollment.

Recommendation No. 9

Metropolitan State College of Denver should consider tighter procedures for canceling student registrations for nonpayment to avoid improper recognition of tuition, federal assistance, and FTE enrollment.

Metropolitan State College of Denver Response:

Partially Agree. Student No. 1 registered for classes on 8/1/94 and received her financial aid on 8/11/94. Student was counted on census date because she did not withdraw from classes until 10/31/94. Student was correctly sent to collections for nonpayment of her outstanding balance. According to College policy, student will not be allowed to register for future classes until payment of outstanding obligation is made.

Student No. 2 was placed on pay code "03," but never submitted a payable SAR; therefore, tuition and fees were never paid by Financial Aid. Student was counted in FTE because she showed registered for 13 hours then failing all credits. Financial Aid was not disbursed to student; therefore, no Title IV violations are in question.

Financial Aid will set up meetings with College administration to discuss areas of concern addressed in this finding.

Calculate Financial Aid Refunds Correctly

When financial aid recipients withdraw from the College, a portion of the tuition and fee refund, if any, must be returned to the financial aid program based on regulatory formulas.

Of 16 financial aid refunds tested, 7 had computational exceptions totaling $428. These differences are primarily due to inconsistent handling of institutional fees and student health insurance fees.

We suggest a separate worksheet be developed for the "Appendix A" calculation, which allows the College to retain a percentage of institutional fees. It also appears that the Department of Education worksheet used intermittently was more effective than the other worksheets used.

Recommendation No. 10

Metropolitan State College of Denver should obtain a clearer understanding of the various required refund calculations and consistently apply the requirements to the College's tuition and fee structure.

Metropolitan State College of Denver Response:

Agree. Financial Aid will set up meetings to discuss the impact and logistics of performing the various required calculations with all involved departments (i.e., IT and Student Accounts). We anticipate the discussion phase to be complete by the end of fall 1995, with any possible policy/procedural changes to be developed by the end of spring 1996.

Return Refunds to Federal Programs On a Timely Basis

When Financial aid recipients withdraw from the College, a portion of the tuition and fee refund, if any, must be returned to the financial aid programs. This refund must be made within 30 days after the withdrawal date.

Of the 16 refunds tested, 7 were not returned to the program or the lender on a timely basis. We noted that the College improved its procedures to handle refunds during the latter portion of the year.

Recommendation No. 11

Metropolitan State College of Denver should develop procedures to ensure that all financial aid refunds are returned to the program or lender on a timely basis.

Metropolitan State College of Denver Response:

Agree. Due to constant changes in federal policy and interpretation, compliance was not achieved. Since then, our procedures and timelines have been reviewed

and readjusted/corrected to avoid late returns. We anticipate full implementation by spring 1996.

Delete Accesses to Computer System for Terminated Personnel

Presently a list of personnel terminations is prepared by Human Resources monthly and sent to Information Technology to have the computer access passwords of the terminated employees deleted. Therefore, terminated employees could continue to have access to computer records for up to one month. Also, when personnel transfer within the College, sometimes new computer accesses are added to perform the new job, but accesses for their former job are not systematically deleted.

Recommendation No. 12

Metropolitan State College of Denver should immediately delete passwords for access to the computer system when a person terminates employment. The computer accesses of personnel who transfer to a new job should be reviewed and any accesses no longer required should be deleted.

Metropolitan State College of Denver Response:

Agree. The College will make every attempt to delete terminated employees' (administrative and classified) access to the system upon termination. In Phase I this will be a manual process. The College is currently in the process of acquiring a new collegewide integrated system that will more adequately meet our needs in this area. It will be implemented in Phase II.

Segregate Duties and Limit Computer Accesses

It is important to segregate duties between programmers, computer operators, and the users to maintain effective internal controls. Further, it is a good practice to not assign more computer accesses than employees need to carry out their responsibilities efficiently. We reviewed the computer accesses for a small sample

of personnel, which included programmers, operators, and users. We noted that a user has accesses normally assigned to programmers, and an operator has accesses normally assigned only to programmers and users. Some people said they did not know they had some of the accesses they were assigned, and did not need or use them. Some of the unnecessary accesses of personnel in our sample were deleted as a result of our inquiries.

Recommendation No. 13

Metropolitan State College of Denver should segregate the duties and the related computer accesses between programmers, computer operators, and users when computer accesses are assigned. Computer accesses that are not required for job duties should not be assigned to employees. The existing accesses of all personnel should be reviewed over a period of time and any that conflict with the segregation of duties, or are unnecessary, should be deleted.

Metropolitan State College of Denver Response:

Agree. A review process of all IT staff security will be implemented at least annually. The College is currently in the process of acquiring a new collegewide integrated system that will more adequately meet our needs in this area.

Restrict Running of Computer Production Jobs From Hold Library

Some computer production jobs are run from programs in the hold library (which is separate from the regular production library). Programmers can transfer natural language programs to the hold library without supervisory review or authorization as is required for other production programs. For such programs there is not a requirement that a copy be made of each version of every program used. From our brief review of the jobs in the hold library, it appeared that there were some that had not been used for several years and probably should be deleted.

Recommendation No. 14

Metropolitan State College of Denver should require supervisory review and approval to transfer programs to the hold library to run production jobs, and a copy should be made of each version of every program used. A review should be made of all jobs presently in the hold library, and any unnecessary ones should be deleted.

Metropolitan State College of Denver Response:

Agree. The College is in the process of acquiring a client/server system to replace the current mainframe-based application software. We need to use the College's resources in the implementation of this new system. We will devote resources to contracting conventional checks and balances in the new environment.

Western State College

The following comments were prepared by the public accounting firm of Johnson, Holscher & Company, P.C., who completed audit work at Western State College.

Document Entrance/Exit Conferences for Loans and Hold Loans for 30 Days on First-Time Borrower

Some student loan files do not contain documentation of entrance/exit conferences that are to be obtained according to federal regulations for first-time borrowers or for borrowers leaving the college. It is the Financial Aid Department's responsibility to hold loans on first-time borrowers until an entrance conference has been held and the borrower is aware of his or her rights and responsibilities. Also, first-time borrowers are not to receive their loan until 30 days after the start of classes. Exit conferences are to be held when a student leaves the College. The department is to notify a student who has left the College of the exit conference requirement. No documentation was provided that showed the students had been notified.

A review of 50 student files revealed the following exceptions:

No Documentation of Entrance Conference	1
No Documentation of Exit Conference	2
No 30-Day Hold on Loan	1

Recommendation No. 15

Western State College should implement a tracking system to provide information on the status of a student's loan. Procedures need to be put in place for routinely checking exit status and documenting that exit conferences have been held. Training of staff is needed to make them aware of the federal regulations regarding first-time borrowers and students exiting the College, documentation of student's files, and the importance of leaving a trail for someone else to follow.

Western State College Response:

Agree. Western State College will put into place a system to track the status of students' loans by January 1996, the next time the fee payment process occurs.

Reconcile General Ledger, Financial Aid Reports, and Federal Cash Transaction Report

The College has not performed a reconciliation of the general ledger, financial aid, and federal cash transaction reports. These reports need to be reconciled monthly to ensure proper reporting between financial aid and the general ledger and to identify any errors in a timely matter. The result is a difference in general ledger reporting and financial aid reporting and the Federal cash transaction report, which may result in questioned costs.

Recommendation No. 16

Western State College should perform monthly reconciliations between financial aid and general ledger reports in a timely manner to ensure correct information is being reported.

Western State College Response:

Agree. Western State College has reconciled the general ledger to the federal cash transaction report and is in the process of resolving a $28k difference in Pell grant expenditures between financial aid and the general ledger from Fiscal Year 91 through Fiscal Year 94. The College plans to accomplish this by December 1995.

Obtain Accurate Addresses for Perkins Loans

An incomplete address was noted on a Perkins promissory note: the street address was properly noted, but no city and state was shown. Also, a dependent student gave a Gunnison address as a permanent address on the promissory note, but the student aid report had an address of Grand Junction. The College needs to ensure that complete and accurate addresses are on the Perkins promissory notes.

Recommendation No. 17

Western State College should train anyone handling the Perkins notes of the requirements for Perkins loans and should question any student who has an incomplete address in order to correct it at the time of signing the promissory note.

Western State College Response:

Agree. Western State College will continue to train its cashiers in the requirements of Perkins loans with regard to the promissory note. It should be noted, however, the address is obtainable from the Truth in Lending form and the entrance interview form which accompany the promissory note. The

College will emphasize to the student the need for a "permanent" address. However, the address listed on the student aid report is not necessarily the current or the permanent address.

Review Financial Reports Provided to Management

The information reporting system provided to management of the College was reviewed by interviewing 16 individuals or users. The purpose of this review was to determine what reports they receive and whether the reports were useful in helping them manage the College.

In general, the users we interviewed believed the financial information they received was useful and accurate. The 16 individuals received in total 102 various types of reports ranging from check registers to listings of uninsured students for the term. In 29 out of 119 instances the individuals interviewed stated that they could manage their responsibility without certain reports. In addition, when asked what information would help them manage better, examples of some of the responses were:

- Better reporting from Human Resources to Financial Aid.
- Interdepartmental communication - receivables, policy, regulations .

Although surveyed users of the College's financial information system felt the information provided was generally useful and accurate, there appears to be a need to identify what information is needed to accomplish management responsibilities better.

Recommendation No. 18

Western State College should study the flow of information to management and eliminate unnecessary reporting and enhance the current system by further defining the needs of the users.

Western State College Response:

Agree. Western State College will continue to solicit participation in user groups, surveys, and discussions with regard to reporting. It should be noted that the College's ADP staff is service-oriented, particularly in ad hoc reporting, and continues to exhibit a desire to contribute reporting that facilitates management systems of the College.

Ensure Integrity of Access Into Data Processing Systems

The Computer Services Department has taken steps to provide periodic information to supervisors regarding staff system access into data processing files. However, some inappropriate access still appears to exist. For example, purchasing personnel have access to the financial aid database, and financial aid personnel have access to the finance database. These remaining inappropriate access privileges represent a control deficiency.

Recommendation No. 19

Western State College should adopt an annual confirmation procedure that is supported by top management and implemented by the Database Administrator. This system would identify to Administrators on an individual basis the current modules forms access. The Administrators would then identify the modules forms to which they require access for performance of their management and oversight role. All remaining module forms access should be eliminated by the Database Administrator unless the reason for continuing access is documented and initialed by the Administrator. As additional access is required, the request should be made to the Database Administrator.

Western State College Response:

Agree. Western State College will implement by January 1996 an on-going confirmation procedure to monitor appropriate system access.

Disposition of Prior Year Audit Recommendations

Listed below are the recommendations included in the State Colleges in Colorado audit report for the year ended June 30, 1994, and their disposition as of November 10, 1995.

	Recommendation	Disposition
	ADAMS STATE COLLEGE	
1.	Adams State College should complete the inventory physical count as close as possible to June 30. Also, the department head should review the final inventory sheets for accuracy and the Maintenance Department should back up their computer system daily.	Partially Implemented. The inventory was not complete as of June 30, 1995. It was finalized mid-July and was returned for corrections after the Business Manager's review. See current year Recommendation No. 4 concerning the need for backup procedures.
2.	Adams State College personnel should review and follow their policies and procedures for handling bank deposits.	Implemented.
3.	The financial aid office at Adams State College should review student files more closely for all required documentation before awarding a student financial aid.	Implemented.
	MESA STATE COLLEGE	
4.	Refund checks should be prepared and delivered to the lenders, and established procedures should be followed to ensure timely refunds in the future.	Not Implemented. Although new procedures were developed in Fiscal Year 1995, two exceptions involving untimely refunds were noted. See current year Recommendation No. 6.

	Recommendation	Disposition
	METROPOLITAN STATE COLLEGE OF DENVER	
5.	Metropolitan State College of Denver should revise the distribution order of financial aid refunds, and strengthen procedures to consistently review withdrawal reports and calculate and issue refunds in accordance with federal guidelines.	Partially Implemented. See current year Recommendation No. 11.
6.	Metropolitan State College of Denver should improve the internal controls over the Perkins Loan program to ensure the correct match of required institutional funds is made to the program.	Implemented.
7.	Metropolitan State College of Denver should request draws of federal cash for the PELL grant prior to, or as close as possible to, the actual disbursement of funds to the financial aid recipients.	Implemented.
8.	Metropolitan State College of Denver should strengthen cash controls by ensuring cash receipt correction forms are properly reviewed and approved. In addition, the College should consider limiting the access to cash drawers to increase accountability for shortages or other errors as they occur.	Implemented.
9.	Metropolitan State College of Denver should study and revise the methods used to identify students subject to a refund calculation to improve the timeliness of obtaining this information. This will help ensure all appropriate refund calculations are determined within the required time frame.	Implemented.

	Recommendation	Disposition
	WESTERN STATE COLLEGE	
10.	Western State College should strengthen documentation procedures over collecting payroll personnel information by implementing a checklist which will be contained in the personnel file indicating that all compliance documents have been collected and that the employee has properly supported, authorized, and approved deductions.	Implemented.
11.	Western State College should:	
	a. Review List of Form Level Security Per User to insure that access to data processing files is appropriately restricted.	Not implemented. See current year Recommendation No. 19.
	b. Consider restoring the database administrator position or reassigning the duties to a current employee to prevent further compromise in the security of the automated system.	Implemented.
	OFFICE OF STATE COLLEGES	
12.	The Office of State Colleges should ensure transactions are adequately reviewed and approved.	Implemented.

STATE OF COLORADO

J DAVID BARBA C P A
Acting State Auditor

OFFICE OF STATE AUDITOR
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Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

November 10, 1995

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the accompanying balance sheet of the State Colleges in Colorado, a component unit of the State of Colorado, as of June 30, 1995, and the related statements of changes in fund balances and of current funds revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of the management of the State Colleges. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Colleges in Colorado as of June 30, 1995, and the changes in fund balances, and the current funds revenues, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements of the State Colleges in Colorado. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

J. David Barba

STATE COLLEGES IN COLORADO

FINANCIAL STATEMENTS

State Colleges in Colorado

Consolidated Balance Sheet
June 30, 1995

	Current Funds		
	Unrestricted	Restricted	Student Loan Funds
ASSETS			
Cash	$1,595,134	$8,572	$30,000
Cash With State Treasurer (Note 2)	10,874,028	1,714,832	393,258
Investments	1,369,295	0	0
Accounts Receivable less allowance of $1,188,074	1,704,241	930,299	10,617
Loan Receivable less allowance of $1,679,183	75,533	0	12,695,953
Interest Receivable	8,646	0	89,804
Inventories	1,170,653	0	0
Prepaid Expenses	380,811	7,083	0
Deferred Charges	85,768	10,109	0
Due from Other Funds	0	0	0
Due from State Agencies	0	402,301	0
Due from Federal Government	0	0	36,465
Other Assets	267	0	4,500
Plant Facilities			
Land	0	0	0
Land Improvements	0	0	0
Buildings	0	0	0
Construction in Progress	0	0	0
Equipment	0	0	0
Library Books	0	0	0
Total Assets	17,264,376	3,073,196	13,260,597
LIABILITIES			
Accounts Payable	1,585,656	253,182	722
Accrued Payroll	759,228	143,691	0
Accrued Interest	0	0	0
Accrued Compensated Absence Liability	3,111,596	20,813	0
Student Deposits	486,681	2,584	24,453
Deposits Held in Custody for Others	0	818,335	0
Due to State Treasurer	0	817,259	0
Due to Other Agencies	61,691	20,514	0
Due to Other Funds	0	0	0
Due to Mesa State College Foundation	0	0	200,000
Deferred Revenue	4,605,888	87,386	0
Capital Lease Obligations	0	0	0
Bonds Payable	0	0	0
Other Liabilities	170,144	100,022	200
Total Liabilities	10,780,884	2,263,786	225,375
FUND BALANCE			
U.S. Government Grants Refundable	0	0	11,452,082
Unrestricted	9,595,088	0	0
Restricted	0	830,223	1,583,140
Designated for Compensated Absences	(3,111,596)	(20,813)	0
Net Investment in Plant	0	0	0
Total Fund Balance	6,483,492	809,410	13,035,222
Total Liabilities and Fund Balance	$17,264,376	$3,073,196	$13,260,597

The accompanying notes to the financial statements are an integral part of this statement.

Endowment and Similar Funds	Plant Funds				Memorandum Only
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant	Total
$52,428	$265,232	$924,196	$196,537	$0	$3,072,099
0	3,331,184	573,341	33,779	0	16,920,422
0	8,467,321	610,000	420,000	0	10,866,616
0	0	0	0	0	2,645,157
0	0	0	0	0	12,771,486
0	55,205	9,536	3,070	0	166,261
0	0	0	0	0	1,170,653
0	0	0	0	0	387,894
0	0	0	0	0	95,877
0	0	0	93,800	0	93,800
0	0	0	0	0	402,301
0	0	0	0	0	36,465
0	0	0	0	0	4,767
0	0	0	0	1,170,518	1,170,518
0	0	0	0	6,519,205	6,519,205
0	0	0	0	75,888,217	75,888,217
0	11,887,196	0	0	0	11,887,196
0	0	0	0	25,203,086	25,203,086
0	0	0	0	12,137,832	12,137,832
52,428	24,006,138	2,117,073	747,186	120,918,858	181,439,852
0	686,782	127,178	0	0	2,653,520
0	0	0	0	0	902,919
0	107,382	0	135,867	0	243,249
0	0	0	0	0	3,132,409
0	0	0	0	0	513,718
0	0	0	0	0	818,335
0	0	0	0	0	817,259
0	0	0	0	0	82,205
0	93,800	0	0	0	93,800
0	0	0	0	0	200,000
0	0	0	0	0	4,693,274
0	0	0	0	156,105	156,105
0	21,062,687	0	0	14,857,944	35,920,631
0	313,650	13,781	0	0	597,797
0	22,264,301	140,959	135,867	15,014,049	50,825,221
0	0	0	0	0	11,452,082
0	(1,108,484)	1,165,608	0	64,944	9,717,156
52,428	2,850,321	810,506	611,319	0	6,737,937
0	0	0	0	0	(3,132,409)
0	0	0	0	105,839,865	105,839,865
52,428	1,741,837	1,976,114	611,319	105,904,809	130,614,631
$52,428	$24,006,138	$2,117,073	$747,186	$120,918,858	$181,439,852

State Colleges in Colorado
Consolidated Statement of Changes in Fund Balances
Year Ended June 30, 1995

	Current Funds		
	Unrestricted	Restricted	Student Loan Funds
Revenues and Other Additions			
Unrestricted Current Fund Revenues	$125,216,021	$0	$0
Federal Grants and Contracts	602,860	16,699,444	0
State Grants and Contracts	68,992	8,519,337	0
Private Gifts, Grants and Contracts	198,794	1,150,458	0
Investment Income	306,675	0	12,330
Interest Income	0	5,947	331,613
U.S. Government Advances	0	0	481,823
Additions to Plant Facilities	0	0	0
Retirement of Indebtedness	0	0	0
Capitalization of Asset/Debt	0	0	0
Other Additions	0	0	36,171
Total Revenues and Other Addtions	126,393,342	26,375,186	861,937
Expenditures and Other Deductions			
Education and General	103,437,065	25,592,945	0
State Assessment	530,433	0	0
Auxiliary Operating Expenditures	17,450,799	186,459	0
Indirect Costs Recovered	0	476,073	53,938
Refunded to Grantors	0	0	69,982
Loan Cancellations and Writeoffs	0	0	85,829
Administrative Costs and Collection Costs	0	46,039	133,610
Expended for Plant Facilities	42,808	0	0
Retirement of Indebtedness	0	0	0
Interest on Indebtedness	0	0	0
Capitalization of Asset/Debt	0	0	0
Disposal of Plant Facilities	0	0	0
Other Deductions	0	22,139	31,028
Total Expenditures and Other Deductions	121,461,105	26,323,655	374,387
Transfers Among Funds - Additions (Deductions)			
Mandatory Transfers:			
Principle and Interest	(2,315,198)	0	0
Loan Fund Matching Grant	(36)	(122,162)	122,198
Current Unrestricted Fund Matching	(330,351)	292,604	37,747
Transfers (To)/From Other Funds	(20,476)	20,476	0
Total Mandatory Transfers	(2,666,061)	190,918	159,945
Non-mandatory Transfers			
Transfers (To)/From Other Funds	(1,193,030)	96,846	(70,482)
Total Non-mandatory Transfers	(1,193,030)	96,846	(70,482)
Total Transfers Among Funds	(3,859,091)	287,764	89,463
Net Increase (Decrease) in Fund Balance	1,073,146	339,295	577,013
Fund Balance (Deficit)- Beginning of Year	5,410,346	470,114	12,458,209
Fund Balance (Deficit)- End of Year	$6,483,492	$809,409	$13,035,222

The accompanying notes to the financial statements are an integral part of this statement.

Endowment and Similiar Funds	Plant Funds: Unexpended	Plant Funds: Renewals and Replacements	Plant Funds: Retirement of Indebtedness	Plant Funds: Investment In Plant
$0	$0	$0	$0	$0
0	0	0	0	0
0	1,209,361	56,800	0	0
0	0	0	0	0
2,304	1,759	47,228	19,397	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	3,840,882
0	312,840	0	0	167,160
0	855,807	0	0	34,279
0	11,664	0	0	0
2,304	2,391,431	104,028	19,397	4,042,321
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	431,591	1,064,698	902	30,251
0	0	0	514,279	0
0	0	0	690,227	6,131
0	0	0	0	855,807
0	0	0	0	2,376,221
0	0	0	0	0
0	431,591	1,064,698	1,205,408	3,268,410
0	1,348,553	0	966,645	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	1,348,553	0	966,645	0
(2,600)	598,195	387,737	186,649	(3,315)
(2,600)	598,195	387,737	186,649	(3,315)
		0		
(2,600)	1,946,748	387,737	1,153,294	(3,315)
(296)	3,906,588	(572,933)	(32,717)	770,596
52,724	(2,164,751)	2,549,047	644,036	105,134,213
$52,428	$1,741,837	$1,976,114	$611,319	$105,904,809

State Colleges in Colorado

Consolidated Statement of Current Funds
Revenues, Expenditures and Other Changes
Year Ended June 30, 1995

	Unrestricted	Restricted	Memorandum Total
Revenues			
Tuition and Fees	$48,606,475	$0	$48,606,475
State of Colorado Appropriations	55,693,516	0	55,693,516
Federal Grants and Contracts	602,860	16,093,123	16,695,983
State Grants and Contracts	68,992	8,401,475	8,470,467
Local Gifts , Grants and Contracts	0	12,048	12,048
Private Gifts, Grants and Contracts	215,616	1,212,078	1,427,694
Interest Income	0	5,947	5,947
Sales and Services of Educational Activities	1,965,347	0	1,965,347
Sales and Services of Auxiliary Enterprises	16,277,913	0	16,277,913
Other Sources	2,962,623	0	2,962,623
Total Revenues	126,393,342	25,724,671	152,118,013
Expenditures			
Instruction	52,005,895	4,012,333	56,018,228
Research	0	23,398	23,398
Public Service	0	295,369	295,369
Academic Support	10,733,507	718,796	11,452,303
Student Services	13,775,384	2,302,639	16,078,023
Institutional Support	15,313,699	433,412	15,747,111
Operation and Maintenance of Plant	11,488,729	338,993	11,827,722
Scholarships and Fellowships	693,092	17,606,541	18,299,633
Auxiliary Enterprises	17,450,799	186,459	17,637,258
Total Expenditures	121,461,105	25,917,940	147,379,045
Transfers Among Funds - Additions (Deductions)			
Mandatory Transfers:			
Education and General			
Principle and Interest	(40,212)	0	(40,212)
Loan Fund Matching Grant	(36)	(122,162)	(122,198)
Current Unrestricted Fund Matching	(330,351)	292,604	(37,747)
Auxiliary Enterprises			
Principle and Interest	(2,274,986)	0	(2,274,986)
Transfers (To)/From Other Funds	(20,476)	20,476	0
Total Mandatory Transfers	(2,666,061)	190,918	(2,475,143)
Non-mandatory Transfers and Other Additions (Deductions)			
Transfers (To)/From Other Funds	(1,193,030)	96,846	(1,096,184)
Excess of Restricted Receipts over Expenditures	0	266,939	266,939
Other	0	(22,139)	(22,139)
Total Non-mandatory Transfers and Other Additions (Deductions)	(1,193,030)	341,646	(851,384)
Total Expenditures, Transfers and Other Additions (Deductions)	(125,320,196)	(25,385,376)	(150,705,572)
Net Increase (Decrease) in Fund Balances	$1,073,146	$339,295	$1,412,441

The accompanying notes to the financial statements are an integral part of this statement

STATE COLLEGES IN COLORADO
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

The Board of Trustees of the State Colleges in Colorado ("State Colleges") is the governing board for Adams State College (ASC), Mesa State College (MSC), Metropolitan State College of Denver (MSCD), and Western State College (WSC). The Trustees are statutorily charged with responsibility in the areas of finance, resources, academic programs, admissions, role and mission, and personnel policies. The Board consists of seven members appointed by the Governor serving four-year terms. Additionally, a faculty and student trustee are elected to serve for one-year terms.

Basis of Presentation and Financial Reporting Entity

In accordance with Governmental Accounting Standards Board Statement No. 14 (GASB No. 14), the financial reporting entity of the State Colleges includes the combined operations of the component institutions, the Office of State Colleges (OSC), and all related entities for which State Colleges is financially accountable. As defined in GASB No. 14, financial accountability may stem from the State Colleges's ability to appoint a majority of the governing boards of the related organization, its ability to impose its will on the related organization, or its ability to access assets or be held responsible for the debts of the related organization.

Accordingly, the accompanying financial statements contain the operations of the Office of State Colleges and the following four component colleges:

Adams State College
Mesa State College
Metropolitan State College of Denver
Western State College

In addition, the accompanying financial statements contain the results of operations of the following related entities for which the State Colleges are financially accountable:

State Colleges Educational Authority, Inc.

As of March 31, 1994, all assets and liabilities of the State Colleges Educational Authority, Inc. were liquidated. The entity had no financial activity during Fiscal Year 1995.

For financial reporting purposes, the State Colleges is considered to be a component unit of the State of Colorado.

The significant accounting policies followed by the State Colleges are described below to enhance the usefulness of the financial statements to the reader.

During Fiscal Year 1995, the State Colleges in Colorado changed financial statement presentation of the Current Unrestricted Funds from a two columnar to a single column presentation. The prior year's State Appropriated Fund and the Auxiliary and Self-Funded Activities Fund are presented in the Fiscal Year 1995 Financial Statements as the Current Unrestricted Fund.

Basis of Accounting

The financial statements of the State Colleges are prepared on the accrual basis, except for depreciation related to plant fund assets, which is not recorded.

The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of the operating funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of revenues and expenses.

Generally accepted accounting principles for colleges and universities provide that encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of the final reporting date should not be reported as expenditures nor included as liabilities. This policy is reflected in the financial statements. However, the encumbrance concept is implemented throughout the year as a management tool to enhance budgetary control and responsive management.

Investments are stated at their market value at date of gift, or at cost, if purchased by the colleges.

Inventories are stated at the lower of cost or market. The central stores inventory, accounted for in State Appropriated Fund, consists primarily of office supplies and other consumable goods. It is valued using the average cost method. The bookstore inventory, in Auxiliary and Self-funded Activities, includes instructional materials and soft goods held for resale. It is valued using the first-in-first-out method.

Physical plant and equipment are stated at cost at date of acquisition or fair market value at date of donation. A physical inventory of all inventory of all plant assets is taken annually with appropriate adjustments made to the financial records. Annual revisions of statement of values for insurance purposes are performed. Depreciation on physical plant and equipment is not recorded. The colleges follow the policy of capitalizing only those plant assets with an initial cost or fair value greater than or equal to $1,000. The Office of State Colleges follows a policy of capitalizing only those plant assets with an initial cost or fair value greater than or equal to $5,000.

To the extent that current funds are used to finance plant assets, the amounts are accounted for as 1) expenditures, in the case of normal replacement of movable equipment and library books; 2) mandatory transfers, in the case of required provisions for debt service and facilities renewal and replacement; and, 3) as transfers of a nonmandatory nature, in all other cases.

Summer session tuition and fees and related direct academic expenditures are deferred and reflected in the statement of current funds revenues, expenditures, and other changes in the subsequent fiscal year.

To the extent that current funds are used for debt amortization and interest and for equipment, renewal and replacement reserves, the amounts are accounted for as mandatory transfers.

Interfund borrowings are recorded on each fund as due to/from other funds. All interfund loans are temporary in nature; no interest is charged on interfund loans. Such borrowings are authorized in advance by administrative action. The borrowings have identifiable repayment schedules in most instances and provide needed working capital or cash advances for special projects.

Fund Accounting

Accounts are maintained in accordance with principles of "Fund Accounting." These principles require resources to be classified for accounting and reporting purposes into account groups in accordance with the activities or objectives specified for the resources. Accounts are separately maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined. Accordingly, all financial transactions have been recorded and reported by fund group.

All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets.

Description of Funds

Current Operating Funds. The current operating funds are used primarily to account for transactions which are expended in performing the primary and support objectives of the college (i.e., instruction, research grants and contracts, academic support, student services, institutional support, operation and maintenance of plant, scholarships and fellowships, and auxiliary activities). Current operating funds include:

1. The Unrestricted Fund is used to account for transactions related to the State Colleges state appropriated budget as approved by the Colorado State Legislature and the Trustees of the State Colleges and transactions of substantially self-supporting activities that primarily provide services for students, faculty, and staff. Auxiliary enterprises include, but are not limited to, student housing, food services, the bookstore, and athletics. Included in the auxiliary fund are self-supporting activities which are funded by unrestricted gifts and other income designated for specific purposes.

2. Within the Restricted Funds, fund balances restricted by outside sources have been identified. Externally restricted funds may only be utilized in accordance with the restrictions placed upon the resources by the external source. Within the restricted group of funds, revenue is recognized only to the extent that expenditures are made. Resources received in excess or deficiency of expenditures made are recorded as "Excess (Deficiency) of Restricted Receipts over Transfer to Revenues" in the Statement of Current Funds Revenue, Expenditures, and Other Changes.

3. Agency funds have been combined with current restricted funds on the financial statements.

Non-operating Funds. Non-operating funds include:

1. The Student Loan Fund, funded primarily by the federal government, is used to account for loans to students. Interest on loans to students is recognized as income when received.

2. The Endowment and Similar Funds consist of endowment income funds which are subject to the restrictions of donor gift instruments requiring that the principal be invested in perpetuity and that only the income be utilized.

3. Plant Funds are used to account for transactions relating to investment in properties. They include 1) unexpended plant fund, 2) renewal and replacement fund, 3) retirement of indebtedness, and 4) investment in plant. The unexpended plant fund is composed of amounts which have been appropriated or designated for purchase of land, improvements, buildings, and equipment. The renewal and replacement fund is to account for renewal and replacement of plant fund assets rather than additions and improvements to plant. The retirement of the indebtedness fund represents funds to provide for payment of principal and interest, primarily pursuant to the terms of bond indentures. The investment in plant fund represents the total of property, buildings, and equipment, and the related liabilities.

NOTE 2: CASH WITH THE STATE TREASURER, CASH ON HAND AND IN BANK, AND INVESTMENTS

Cash with the State Treasurer. At year end June 30, 1995, the State Colleges had $ 16,103,164 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Cash on Hand and in Banks. At year end, cash on hand and in banks consisted of the following:

Cash on Hand	$ 271,861
Checking Accounts	1,914,233
Certificates of Deposit	886,005
	$3,072,099

The carrying amount of the State Colleges cash on deposit was $2,800,238 and the bank balance was $7,591,811. Of this bank balance, $904,063 was covered by Federal note depository insurance or by collateral held by the institution's agent in the institution's name and $6,687,748 was covered by collateral held in the pledging institution's trust department in the name of the public deposit pool, as required by the Public Deposit Protection Act.

Investments. A summary of the State College's investments at June 30, 1995 , by risk category described below, is as follows. Yield on investments ranged from 4.13% to 7.89%.

	Risk Categories			
	A	*B*	Book Value	Market Value
U.S. Government Securities	$2,970,598	$220,000	$3,190,598	$3,290,864
Reverse Repurchase Agreements	7,485,383		7,485,383	7,707,347
Subtotal	$10,455,981	$220,000	10,675,981	10,998,211
Investments in COLOTRUST			190,634	191,530
Total Investments			**$10,866,615**	**$11,189,741**

Risk Category Descriptions:

A- investments which are insured, registered, or held by the State or its agent in the State's name.

B- investments which are Uninsured and held by the counter party's trust department or agent.

NOTE 3: ACCOUNTS AND LOANS RECEIVABLE

At June 30, 1995, accounts receivable were as follows:

Accts Rec	Adams	Mesa	MSCD	Western	OSC	Total
Accts Rec	$ 424,686	$1,649,804	$ 1,223,731	$ 457,223	$77,788	$ 3,833,232
Less Allow Doubt Acct	104,538	585,074	266,081	232,381	-	1,188,074
Net Acct Rec	$ 320,148	$ 1,064,730	$ 957,650	$ 224,842	$77,788	$ 2,645,158
Loans Rec						
Loans Rec	$1,408,141	$ 902,698	$9,797,892	$2,341,938	-	$14,450,669
Less Allow Doubt Acct	165,718	163,392	1,119,705	230,368	-	1,679,183
Net Loans Rec	$1,242,423	$ 739,306	$8,678,187	$2,111,570	-	$12,771,486

NOTE 4: OBLIGATIONS UNDER CAPITALIZED LEASES

Adams State College

On June 1, 1994, Adams State College entered into a lease/purchase agreement for NCR computer equipment which requires annual payments with interest at 5.81%. Principal requirements to maturity are as follows.

Year ending June 30	
1996	$31,221
1997	33,035
1998	9,386
Total	$ 73,642

Metropolitan State College of Denver

MSCD leases building space and equipment under operating lease agreements. Rental expense for the year ended June 30, 1995 was $637,870. Minimum future rentals (excluding contingent rentals) required by the above agreements are as follows:

Year Ending June 30	
1996	$524,641
1997	474,320
1998	273,197
1999	273,197
Total	$1,545,355

MSCD has a three-year sub-lease rental agreement for $42,534 each year from July 1, 1993 through June 30, 1996. One year remains on this sub-lease rental agreement for a total of $42,534.

Western State College

A capital lease for equipment dated February 1, 1992 requires semi-annual payments of $20,106 with interest at 7.23%. Principal and interest requirements to maturity are as follows:

Year Ending June 30	
1996	$ 40,212
1997	20,106
Total	60,318
Less amount representing interest	4,114
Principle outstanding	$56,204

Operating Leases:

An operating lease for equipment, dated October 1, 1993, requires monthly payments of $2,877 for 60 months, which includes maintenance agreement of $1,424 per month. This lease was amended July 1, 1995. The new terms require monthly payments of $603 for 60 months, which includes maintenance agreement of $199 per month.

Office of State Colleges

The Office of State Colleges has a lease agreement to rent office space at 1580 Lincoln, Suite 750, Denver through August 21, 1998 with monthly payments of $3,436.30. Following is a schedule of future minimum lease payments.

Year Ending June 30	
1996	$41,236
1997	41,236
1998	41,236
1999	6,873
Net minimum lease payments	$ 130,581

In addition to the net minimum lease payments listed above, there is a variable expense component that is paid. This expense is approximately $200 per month and is expected to increase annually by 4%.

NOTE 5: REVENUE BONDS PAYABLE

Adams State College

The Series A 1994 Enterprise Revenue bonds have annual maturities through 2006 then the bonds will mature in 2009, 2014, and 2019. Interest rates vary from 3.30% to 5.75% with an average rate of 5.55%. The bonds are collateralized by first lien on all net revenues of the Auxiliary Facilities System which consists of all dormitories, cafeteria, apartment buildings, and college center. Also, the Series A 1994 Bonds are insured through the Municipal Bond Investors Assurance Corporation (MBIA).

Under the terms of the bond resolution the Debt Service Reserve Requirement may be maintained by cash or a qualified surety bond or a combination of both in the amount of $1,182,180. The College fulfilled this requirement with the purchase of a Debt Service Reserve Surety Bond in the amount of $1,182,180 issued through the MBIA.

Under the terms of the bond resolution the Repair and Replacement Reserve Requirement is to start with an initial amount of $200,000 with deposits in the amount of not less than $25,000 each year from 1995-1998 or until a reserve of $300,000 is met. As of June 30, 1995, the college had a Repair and Replacement Reserve balance of $510,506.

Principal and interest requirements to maturity are as follows:

Year Ending June 30	
1996	$ 934,548
1997	924,548
1998	1,173,797
1999	1,186,358
2000	1,166,288
2001-2019	17,334,806
Total	22,720,345
Less amount representing interest	(9,895,345)
Total Principal Outstanding	$12,825,000

Mesa State College

Mesa Auxiliary Facilities Revenue Bonds, Series B 1994, require annual debt service payments ranging from $586,913 to $886,036, including interest at 4.0% to 5.75%. Final payments are due November of 2019. The bonds are secured by a first lien on and pledge of certain net revenues of the Mesa Auxiliary Facilities System. A $300,000 renewal and replacement reserve fund is maintained as required by the bond resolution. Bonds maturing in 2004 are callable at a premium of 1% and bonds maturing in 2005 at .5%. Bonds maturing in 2006 and thereafter are subject to mandatory sinking fund redemption without premium.

Mesa State College continued...

The following is a schedule of future minimum bond payments as of June 30, 1995:

	Auxiliary Facility Revenue Bonds
1996	$886,036
1997	816,036
1998	822,276
1999	827,316
2000	830,756
2001-2005	4,131,743
2006-2010	3,024,250
2011-2015	3,055,430
2016-2020	2,352,738
Net minimum bond payments	16,746,581
Less: interest included above	7,091,581
	9,655,000
Less: unamortized discount and issue cost	299,471
Total Principle Outstanding	$9,355,529

Western State College

In Fiscal Year 1994, the college defeased 1992 series bonds by placing the proceeds of the 1994 series plus a portion of the 1992 series debt service reserve funds in an irrevocable trust to provide for all future debt service payments on the 1992 bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the college's financial statements. On June 30, 1995, $12,975,000 of bonds outstanding are considered defeased.

On March 31, 1994 the College issued $14,145,000 in Student Housing Revenue Bonds with an average interest rate of 5.458%. The 1994 bonds require interest only payments until May 15, 1996 when the bonds begin to mature in increasing amounts through May 15, 2015. Interest rates may vary from 4.000% on bonds maturing May 15, 1996 to 5.625% on all bonds maturing after May 15, 2009. The bonds are collateralized by a first lien on and pledge of all revenues of the Auxiliary Facilities System.

Debt Service Reserve Requirement - Under the terms of the bond agreement the College is required to maintain in a Debt Service Reserve Fund and amount equal to the lesser of (1) the combined maximum annual principal and interest payments on all bonds outstanding, (2) the combined average annual principal and interest payments on all bonds outstanding, or (3) ten percent of the original principal amount of each

issue outstanding. The initial debt service reserve requirement of $1,220,812 is satisfied by a surety bond obtained at bond closing.

Renewal and Replacement Fund - The college is required to transfer $50,000 in 1996 to make the fund total not less than $400,000.

A summary of the amounts recorded in fund balance for the purpose of meeting the bond payments and satisfying the terms of the bond agreement as of June 30, 1995 are: $350,000 - Renewal and Replacement; and $220,000 - Retirement of Indebtedness.

Principal and interest requirements to maturity are as follows:

Year Ending June 30	
1996	$825,404
1997	1,157,404
1998	1,199,774
1999	1,214,094
2000	1,215,864
2001-2005	6,065,958
2006-2010	6,071,948
2011-2015	6,073,094
Total Principal and Interest	23,823,540
Less Interest	9,678,540
Total Principal Outstanding	$14,145,000

NOTE 6: EXTINGUISHMENT OF DEBT

Adams State College

In 1991, Adams defeased its outstanding Series 1972, Adams State College Center Revenue Bonds totaling $1,345,000, with an average interest rate of 5.6% by placing the proceeds of certificates of participation, Series 1991 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the colleges financial statements. As of June 30, 1995 $945,000 of the bonds outstanding are considered economically defeased.

In 1994, Adams State College defeased its Certificates of Participation, Series 1991 totaling $925,000, with an average interest rate of 7.16% by placing a portion on the proceeds of the Adams Auxiliary Facilities System- Enterprise Revenue Bonds, Series A 1994, in a Certificate Escrow Fund. This Escrow Fund is maintained by an Escrow Agent in accordance with he terms of the Series A Resolution and the Certificate

Escrow Agreement. This Escrow Agreement provides for the full and timely payment of all future debt service payments on the Certificates of Participation. Accordingly, the Escrow Fund assets and the liability of the defesed Certificates of Participation are not included in the College's financial statements. On June 30, 1995 $845,000 of the Certificates of Participation outstanding are considered economically defeased.

Mesa State College

In 1991, Mesa State College defeased its outstanding Series 1984, College Center Revenue Bonds totaling $905,000, with an average interest rate of 10.1%, by placing the proceeds of the Certificates of Participation, Series 1991 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the colleges financial statements. As of June 30, 1995, $190,000 of the bonds outstanding are considered economically defeased.

In 1994, the College defeased its outstanding Certificates of Participation, Series 1991, totaling $3,135,000, outstanding Series 1965 Housing Revenue Bonds totaling $100,000, outstanding Series 1966 Housing Revenue Bonds totaling $300,000, and outstanding Series 1967 Housing Revenue Bonds Totaling $150,000 by placing the proceeds of Mesa Auxiliary Facilities Revenue Bonds, Series 1994, in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the College's financial statements. On June 30, 1995 $3,315,000 is considered economically defeased.

NOTE 7: COLLEGE FOUNDATIONS

Foundations in the State Colleges are unconsolidated nonprofit corporations formed to provide financial assistance to college students and to otherwise assist the colleges in serving educational needs. The foundations engage in activities that may be beyond the scope of the Board of Trustees. Their financial records are maintained separately from the colleges' financial accounting systems. As of June 30, 1995, the Foundations' unaudited summarized balance sheets and statements of revenues and expenses for Mesa, MSCD, and Western were as follows:

	Mesa	MSCD	Western
Assets	$3,854,549	$1,988,188	$4,700,980
Liabilities	114,618	1,066,323	1,088,969
Fund Balance	$3,739,931	921,865	$3,612,011
Revenue	$834,966	$716,150	$1,049,312
Expenses	549,828	659,764	604,726
Excess of Revenue	$285,138	$56,386	$444,586

Under a memorandum of understanding between Mesa State College and the Mesa State College Foundation, the College is to grant and manage student loans made from designated Foundation funds. The College

absorbs any associated costs in excess of loan interest collections, including loan write-offs and administrative expenses. Student loan fund assets at June 30, 1995, consisting primarily of loans receivable, are held by the College and represent a payable to the Foundation of $200,000.

Adams State College Foundation adopted a calendar year end for audit and tax purposes. As of December 31, 1994 and 1993 the Foundation's summarized balance sheet and statement of revenue and expenses were as follows:

Adams	1994
Assets	$2,166,742
Liabilities	425,224
Fund Balance	$1,741,518
Revenue	$151,078
Expenses	128,848
Excess of Revenue	$ 22,230

During the year ended June 30, 1995, the College received funds totaling $75,376 from the Foundation for special projects, library materials, scholarships and grants-in-aid. These funds are appropriately accounted for and reported in the financial statements. In addition the Foundation has expended funds for the purchase of an insignificant quantity of supplies and other services from the College.

NOTE 8: CONTINGENT LIABILITIES

Amounts expended under the terms of certain grants and contracts are subjected to audit and possible adjustment by governmental agencies. In the opinion of management, any adjustments will not have a material adverse effect on the accompanying financial statements.

Metropolitan State College of Denver

A faculty member filed notice of claim in a federal lawsuit in U.S. Denver District Court and an EEOC claim alleging that he was denied tenure in retaliation for engaging in a constitutionally protected activity. The College intends to vigorously defend against the claim of the plaintiff and believes his claim is meritless. The estimated liability associated with this claim is not determinable at the present time, however, if the plaintiff were to prevail on every claim, the amount could be as much as $100,000.

NOTE 9: COMPENSATED ABSENCES FOR ANNUAL AND SICK LEAVE

Employees may accrue annual and sick leave based on length of service and subject to certain limitations regarding the amount which will be paid upon termination. Estimated costs of compensated absences for which employees are vested for the year ended June 30, 1995 is estimated at $3,132,409. Current expenses include an increase of $129,708 for the estimated compensated absence liability. Recording the liability results in fund balance deficits which will be funded by the state appropriation, federal funds, or other fund sources available in future years when the liability is paid.

NOTE 10: PENSION PLAN OBLIGATION

On September 10, 1993 the Board of Trustees adopted an Optional Retirement Plan (ORP) for faculty and exempt-administrative staff, under the authority of Senate Bill 92-127. The implementation date was May 1, 1994, eligible employees were offered the choice of remaining in the Public Employees Retirement Association of Colorado (PERA) or participating in the ORP. New faculty and administrative staff members will be required to enroll in the ORP unless they have one year or more service credit with PERA at the date of hire.

Several employees of OSC elected to continue as members with PERA. PERA administers a cost-sharing multiple-employer, defined benefit pension plan (the plan). The plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. Employees' rights vest in the plan after 5 years of service credit.

Service retirement benefits are available to members at any age with 35 years of service, at age 55 with 30 years of service, at age 60 with 20 years of service, or at age 65 with 5 years of service. A reduced benefit is available at age 50 with 25 years of service, at age 55 with 20 years of service, or at age 60 with 5 years of service.

The State College System's total payroll for the fiscal year ended June 30, 1995 was $74,386,911; the total payroll for employees covered by PERA was $45,996,987. Employer and employee obligations to contribute to PERA are established by statute, specifically, Title 24, Article 51 of Colorado Revised Statutes. For the current fiscal year, the department's contribution to PERA was $5,334,813 which was 11.6% of covered payroll. Contributions by employees were 8% of covered payroll (11.5% for State Troopers).

The Department's contribution to PERA during calendar year 1994 was $6,298,999 or 1.6% of all employer contributions for PERA's fiscal year ended December 31, 1994. At December 31, 1994 the amortization period for unfunded actuarial accrued liabilities of the State Division decreased from 22 to 25 years.

The pension benefit obligation, which is the actuarial measure of the present value of credit projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users of the colleges' financial statements assess PERA's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERA and other pension programs and among

employers. As of December 31, 1994, the total pension benefit obligation of the State Division within PERA was $5,867,220,000. Net assets available for benefits, at fair market value, are $5,428,105,000.

The annual report of PERA for the calendar year 1994 provides historical trend information under the heading "Schedule of Funding Progress." This historical trend information shows the progress being made in accumulating sufficient assets to pay benefits when due.

Beginning in Fiscal Year 1993, in accordance with the provision of CRS 24-54.6 and as provided in section 403 (b) of the Internal Revenue Code, the State of Colorado Department of Higher Education established the Colorado Student Employees Defined Contribution Plan. Student employees not currently attending classes are required to participate. The plan requires a 7.5% contribution on the employee's part with no employer contribution. Total current year payroll covered by the plan, for the OSC was $398,602. Employee contributions were 7.5% of covered payroll.

Optional Retirement Plan:

The ORP is a defined contribution pension plan with fund sponsors, Fidelity Investments, TIAA-CREFF and VALIC, providing a range of investment accounts for participants. Contributions to the ORP will be the same as PERA contributions for covered payroll. The college's contribution to the ORP is 11.6% of covered payroll and contributions by employees is 8% of covered payroll. All ORP contributions are immediately invested in the employee's account. Normal Retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

Total payroll of the employees covered by the ORP was $20,937,921. For this fiscal year ended June 30, 1995 the State Colleges System contribution to the ORP was $2,429,041, or 11.6% of covered payroll. Contributions by employees were 8% of covered payroll. Normal retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

NOTE 11: CAMPUS SHARED CONTROLLED COSTS

Legislation enacted in 1974 established the Auraria Higher Education Center (AHEC) and included MSCD as one of the constituent institutions, along with the Community College of Denver, and the University of Colorado at Denver. Each institution operates independently as an educational institution responsible to its own governing board while sharing common operations.

For the purpose of total financial disclosure and instruction, such intercampus costs must be considered MSCD's portion of campus shared costs for the Auraria Campus is as follows:

	Year Ended June 30,1995
Administration of AHEC, plant operations	$5,242,349
Library and media center	2,826,594
Total	$8,068,943

NOTE 12: CAPITAL CONSTRUCTION

Unexpended capital construction state appropriations as of June 30, 1995 are as follows:

Adams State College	$ 105,342
Mesa State College	4,023,692
Western State College	428,672
Total	$ 4,557,706

NOTE 13: SALE OF TRUSTEE PROPERTY

From the sale of real property owned by the Trustees of the State Colleges, $127,037 was realized. Pursuant to House Bill 1234 the proceeds and interest earned on the proceeds ($5,947) were continuously credited to the "State Colleges Undergraduate Enrichment Fund" created by Section 23-50-113, Colorado Revised Statues (C.R.S.). Interest earned from June 1994 through May 1995 ($5,698) was transferred to Metropolitan State College of Denver to advance and enrich undergraduate education.

NOTE 14: DEFICIT FUND BALANCE IN THE UNEXPENDED PLANT FUND

During Fiscal Year 1993, Western State College sold revenue bonds to finance major renovations in residence halls and the College Union. The establishment of required reserves and closing costs were also financed by incurring a liability for bonds. These expenditures and net transfers-out of $786,333 to reserves created a deficit fund balance in the unexpended plant fund.

This deficit will be reduced to zero over the life of the bonds as payments of principal are made. The offset to the reduction of bonds payable will be to fund additions.

WSC Unexpended Fund Balance, July 1, 1994	($2,575,189)
Change in Fund Balance during year	1,466,705
WSC Unexpended Fund Balance, June 30, 1995	($1,108,484)

NOTE 15: TUITION REVENUES

Adams State College has authority from the Trustees to the State Colleges in Colorado and the Colorado Commission on Higher Education to admit non-resident students with one-half of the tuition being waived. During 1994-95, 252 non-resident students were enrolled under this program. Tuition revenue in the amount of $607,015 was collected; an amount of $607,015 was waived.

NOTE 16: HOUSE BILL 1187 PROVISIONS

HB 85-1187 provides that each governing board may expend all cash reserves generated and retain them from fiscal year to fiscal year. Consistent with the 1994-95 long bill headnote provisions, all unexpended cash funds at year end, pursuant to approval of the Trustees of the State Colleges, have been retained by the colleges and OSC and rolled forward into Fiscal Year 1995-96.

NOTE 17: LEGISLATIVE APPROPRIATION

Appropriated Funds

The Colorado Legislature establishes spending authority to the Trustees of the State Colleges in its annual Long Appropriations Bill. Appropriated funds include an amount from the State of Colorado's General Fund, as well as certain cash funds. Cash funds include tuition, certain fees, and certain other revenues sources.

For the year ended June 30, 1994, appropriated expenditures were within the authorized spending authority. The Trustees of the State Colleges had a total appropriation of $102,172,858. Actual appropriated revenues earned totaled $100,838,798. Actual appropriated expenditures and transfers totaled $100,511,633. The net increase in appropriated fund balances was $327,160.

Non-appropriated Funds

All other revenues and expenditures reported by the Trustees of the State Colleges represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues and other revenue sources.

Financial Statement Presentation

The accompanying financial statements contain revenues and expenditures from both appropriated and non-appropriated funds. Appropriated and non-appropriated revenues and expenditures are included in each fund group based on the principles of fund accounting.

STATE COLLEGES IN COLORADO

COMBINING FINANCIAL STATEMENTS

State Colleges in Colorado
Combining Balance Sheet
June 30, 1995

Unrestricted Funds

	Adams	Mesa	MSCD	Western	OSC	Total
ASSETS						
Cash	$969,384	$15,943	$417,626	$192,081	$100	$1,595,134
Cash With State Treasurer (Note 2)	2,560,795	390,273	6,122,717	1,058,430	741,813	10,874,028
Investments	0	1,178,661	190,634	0	0	1,369,295
Accounts Receivable net of allowance	303,538	849,028	294,974	178,913	77,788	1,704,241
Loan Receivable net of allowance	0	0	75,533	0	0	75,533
Interest Receivable	6,181	1,569	896	0	0	8,646
Inventories	363,210	449,780	0	357,663	0	1,170,653
Prepaid Expenses	35,191	138,411	175,437	27,663	4,109	380,811
Deferred Charges	0	0	85,768	0	0	85,768
Other Assets	0	0	267	0	0	267
Total Assets	4,238,299	3,023,665	7,363,852	1,814,750	823,810	17,264,376
LIABILITIES						
Accounts Payable	327,008	385,104	312,884	524,490	36,170	1,585,656
Accrued Payroll	467,698	145,534	69,217	76,779	0	759,228
Accrued Compensated Absence Liability	504,555	592,646	1,374,352	569,509	70,534	3,111,596
Student Deposits	115,212	178,776	76,533	116,160	0	486,681
Due to Other Agencies	0	0	61,691	0	0	61,691
Deferred Revenue	646,108	536,151	3,013,132	410,497	0	4,605,888
Other Liabilities	170,144	0	0	0	0	170,144
Total Liabilities	2,230,725	1,838,211	4,907,809	1,697,435	106,704	10,780,884
FUND BALANCE						
Unrestricted	2,512,129	1,778,100	3,830,395	686,824	787,640	9,595,088
Designated for Compensated Absences	(504,555)	(592,646)	(1,374,352)	(569,509)	(70,534)	(3,111,596)
Total Fund Balance	2,007,574	1,185,454	2,456,043	117,315	717,106	6,483,492
Total Liabilities and Fund Balance	$4,238,299	$3,023,665	$7,363,852	$1,814,750	$823,810	$17,264,376

The accompanying notes to the financial statements are an integral part of this statement.

State Colleges in Colorado
Combining Balance Sheet
June 30, 1995

Restricted Funds

	Adams	Mesa	MSCD	Western	OSC	Total
ASSETS						
Cash	$8,172	$0	$400	$0	$0	$8,572
Cash With State Treasurer (Note 2)	373,223	112,394	1,036,555	57,818	134,842	1,714,832
Accounts Receivable net of allowance	16,610	215,702	662,675	35,312	0	930,299
Prepaid Expenses	0	809	6,274	0	0	7,083
Deferred Charges	0	0	10,109	0	0	10,109
Due from State Agencies	29,839	0	372,462	0	0	402,301
Total Assets	427,844	328,905	2,088,475	93,130	134,842	3,073,196
LIABILITIES						
Accounts Payable	53,848	41,600	144,984	7,052	5,698	253,182
Accrued Payroll	0	49,477	93,108	1,106	0	143,691
Accrued Compensated Absence Liability	20,813	0	0	0	0	20,813
Student Deposits	0	0	0	2,584	0	2,584
Deposits Held in Custody for Others	228,540	66,455	523,340	0	0	818,335
Due to State Treasurer	0	0	817,259	0	0	817,259
Due to Other Agencies	0	0	20,514	0	0	20,514
Deferred Revenue	0	87,386	0	0	0	87,386
Other Liabilities	100,022	0		0	0	100,022
Total Liabilities	403,223	244,918	1,599,205	10,742	5,698	2,263,786
FUND BALANCE						
Restricted	45,434	83,987	489,270	82,388	129,144	830,223
Designated for Compensated Absences	(20,813)	0	0	0	0	(20,813)
Total Fund Balance	24,621	83,987	489,270	82,388	129,144	809,410
Total Liabilities and Fund Balance	$427,844	$328,905	$2,088,475	$93,130	$134,842	$3,073,196

The accompanying notes to the financial statements are an integral part of this statement.

State Colleges in Colorado
Combining Balance Sheet
June 30, 1995

Student Loan Funds

	Adams	Mesa	MSCD	Western	OSC	Total
ASSETS						
Cash	$30,000	$0	$0	$0	$0	$30,000
Cash With State Treasurer (Note 2)	136,417	205,082	17,033	34,726	0	393,258
Accounts Receivable net of allowance	0	0	0	10,617	0	10,617
Loan Receivable net of allowance	1,242,423	739,306	8,602,654	2,111,570	0	12,695,953
Interest Receivable	463	85,727	0	3,614	0	89,804
Due from Federal Government	36,465	0	0	0	0	36,465
Other Assets	4,500	0	0	0	0	4,500
Total Assets	1,450,268	1,030,115	8,619,687	2,160,527	0	13,260,597
LIABILITIES						
Accounts Payable	722	0	0	0	0	722
Student Deposits	0	0	24,328	125	0	24,453
Due to Mesa State College Foundation	0	200,000	0	0	0	200,000
Other Liabilities	200	0	0	0	0	200
Total Liabilities	922	200,000	24,328	125	0	225,375
FUND BALANCE						
U.S. Government Grants Refundable	960,593	783,687	7,646,141	2,061,661	0	11,452,082
Restricted	488,753	46,428	949,218	98,741	0	1,583,140
Total Fund Balance	1,449,346	830,115	8,595,359	2,160,402	0	13,035,222
Total Liabilities and Fund Balance	$1,450,268	$1,030,115	$8,619,687	$2,160,527	$0	$13,260,597

The accompanying notes to the financial statements are an integral part of this statement.

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State Colleges in Colorado
Combining Balance Sheet
June 30, 1995

Endowment and Similiar Funds

	Adams	Mesa	MSCD	Western	OSC	Total
ASSETS						
Cash	$52,428	$0	$0	$0	$0	$52,428
Total Assets	52,428	0	0	0	0	52,428
LIABILITIES						
Total Liabilities	0	0	0	0	0	0
FUND BALANCE						
Restricted	52,428	0	0	0	0	52,428
Total Fund Balance	52,428	0	0	0	0	52,428
Total Liabilities and Fund Balance	$52,428	$0	$0	$0	$0	$52,428

The accompanying notes to the financial statements are an integral part of this statement.

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State Colleges in Colorado
Combining Balance Sheet
June 30, 1995

Unexpended Plant Funds

	Adams	Mesa	MSCD	Western	OSC	Total
ASSETS						
Cash	$265,232	$0	$0	$0	$0	$265,232
Cash With State Treasurer (Note 2)	0	607,175	0	2,724,009	0	3,331,184
Investments	3,750,000	3,735,383	0	981,938	0	8,467,321
Interest Receivable	31,026	24,179	0	0	0	55,205
Construction in Progress	7,629,956	3,447,213	0	810,027	0	11,887,196
Total Assets	11,676,214	7,813,950	0	4,515,974	0	24,006,138
LIABILITIES						
Accounts Payable	695	587,109	0	98,978	0	686,782
Accrued Interest	69,054	38,328	0	0	0	107,382
Due to Other Funds	0	0	0	93,800	0	93,800
Bonds Payable	10,031,124	5,599,883	0	5,431,680	0	21,062,687
Other Liabilities	313,650	0	0	0	0	313,650
Total Liabilities	10,414,523	6,225,320	0	5,624,458	0	22,264,301
FUND BALANCE						
Unrestricted	0	0	0	(1,108,484)	0	(1,108,484)
Restricted	1,261,691	1,588,630	0	0	0	2,850,321
Total Fund Balance	1,261,691	1,588,630	0	(1,108,484)	0	1,741,837
Total Liabilities and Fund Balance	$11,676,214	$7,813,950	$0	$4,515,974	$0	$24,006,138

The accompanying notes to the financial statements are an integral part of this statement.

State Colleges in Colorado
Combining Balance Sheet
June 30, 1995

Renewals and Replacements Funds

	Adams	Mesa	MSCD	Western	OSC	Total
ASSETS						
Cash	$530,830	$393,366	$0	$0	$0	$924,196
Cash With State Treasurer (Note 2)	26	216,838	0	356,477	0	573,341
Investments	0	610,000	0	0	0	610,000
Interest Receivable	4,904	4,632	0	0	0	9,536
Total Assets	535,760	1,224,836	0	356,477	0	2,117,073
LIABILITIES						
Accounts Payable	11,473	115,705	0	0	0	127,178
Other Liabilities	13,781	0	0	0	0	13,781
Total Liabilities	25,254	115,705	0	0	0	140,959
FUND BALANCE						
Unrestricted	0	809,131	0	356,477	0	1,165,608
Restricted	510,506	300,000	0	0	0	810,506
Total Fund Balance	510,506	1,109,131	0	356,477	0	1,976,114
Total Liabilities and Fund Balance	$535,760	$1,224,836	$0	$356,477	$0	$2,117,073

The accompanying notes to the financial statements are an integral part of this statement.

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State Colleges in Colorado
Combining Balance Sheet
June 30, 1995

Retirement of Indebtedness Funds

	Adams	Mesa	MSCD	Western	OSC	Total
ASSETS						
Cash	$195,283	$1,254	$0	$0	$0	$196,537
Cash With State Treasurer (Note 2)	0	33,779	0	0	0	33,779
Investments	0	200,000	0	220,000	0	420,000
Interest Receivable	292	2,778	0	0	0	3,070
Due from Other Funds	0	0	0	93,800	0	93,800
Total Assets	195,575	237,811	0	313,800	0	747,186
LIABILITIES						
Accrued Interest	16,515	25,552	0	93,800	0	135,867
Total Liabilities	16,515	25,552	0	93,800	0	135,867
FUND BALANCE						
Restricted	179,060	212,259	0	220,000	0	611,319
Total Fund Balance	179,060	212,259	0	220,000	0	611,319
Total Liabilities and Fund Balance	$195,575	$237,811	$0	$313,800	$0	$747,186

The accompanying notes to the financial statements are an integral part of this statement.

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State Colleges in Colorado
Combining Balance Sheet
June 30, 1995

Investment in Plant Funds

	Adams	Mesa	MSCD	Western	OSC	Total
ASSETS						
Plant Facilities						
Land	$170,210	$904,892	$0	$95,416	$0	$1,170,518
Land Improvements	3,325,764	1,289,358	0	1,904,083	0	6,519,205
Buildings	20,123,016	27,703,462	0	28,061,739	0	75,888,217
Equipment	4,479,612	7,301,111	10,077,051	3,280,368	64,944	25,203,086
Library Books	3,175,283	5,629,084	0	3,333,465	0	12,137,832
Total Assets	31,273,885	42,827,907	10,077,051	36,675,071	64,944	120,918,858
LIABILITIES						
Capital Lease Obligations	99,900	0	0	56,205	0	156,105
Bonds Payable	2,388,978	3,755,646	0	8,713,320	0	14,857,944
Total Liabilities	2,488,878	3,755,646	0	8,769,525	0	15,014,049
FUND BALANCE						
Unrestricted	0	0	0	0	64,944	64,944
Net Investment in Plant	28,785,007	39,072,261	10,077,051	27,905,546	0	105,839,865
Total Fund Balance	28,785,007	39,072,261	10,077,051	27,905,546	64,944	105,904,809
Total Liabilities and Fund Balance	$31,273,885	$42,827,907	$10,077,051	$36,675,071	$64,944	$120,918,858

The accompanying notes to the financial statements are an integral part of this statement.

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State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1995

Unrestricted Funds

	Adams	Mesa	MSCD	Western	OSC	Total
Revenues and Other Additions						
Unrestricted Current Fund Revenues	$17,905,709	$24,983,741	$61,626,873	$19,474,244	$1,225,454	$125,216,021
Federal Grants and Contracts	80,752	46,858	430,266	44,984	0	602,860
State Grants and Contracts	0	0	66,274	2,718	0	68,992
Private Gifts, Grants and Contracts	0	196,630	0	2,164	0	198,794
Investment Income	0	296,449	0	10,226	0	306,675
Total Revenues and Other Addtions	17,986,461	25,523,678	62,123,413	19,534,336	1,225,454	126,393,342
Expenditures and Other Deductions						
Education and General	12,674,254	17,937,438	59,181,529	13,106,028	537,816	103,437,065
State Assessment	0	0		0	530,433	530,433
Auxiliary Operating Expenditures	4,284,559	5,991,792	1,918,287	5,256,161	0	17,450,799
Expended for Plant Facilities	0	0		0	42,808	42,808
Total Expenditures and Other Deductions	16,958,813	23,929,230	61,099,816	18,362,189	1,111,057	121,461,105
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers						
Principle and Interest	(923,259)	(507,523)	0	(884,416)	0	(2,315,198)
Loan Fund Matching Grant	0	0	0	(36)	0	(36)
Current Unrestricted Fund Matching	0	0	(330,351)	0	0	(330,351)
Transfers (To)/From Other Funds	0	0	(20,476)	0	0	(20,476)
Total Mandatory Transfers	(923,259)	(507,523)	(350,827)	(884,452)	0	(2,666,061)
Non-mandatory Transfers						
Transfers (To)/From Other Funds	(241,589)	(1,126,000)	50,000	124,559	0	(1,193,030)
Transfers to the Campuses from the Board	134,864	0		0	(134,864)	0
Total Non-mandatory Transfers	(106,725)	(1,126,000)	50,000	124,559	(134,864)	(1,193,030)
Total Transfers Among Funds	(1,029,984)	(1,633,523)	(300,827)	(759,893)	(134,864)	(3,859,091)
Net Increase (Decrease) in Fund Balance	(2,336)	(39,075)	722,770	412,254	(20,467)	1,073,146
Fund Balance (Deficit)- Beginning of Year	2,009,910	1,224,529	1,733,273	(294,939)	737,573	5,410,346
Fund Balance (Deficit)- End of Year	$2,007,574	$1,185,454	$2,456,043	$117,315	$717,106	$6,483,492

The accompanying notes to the financial statements are an integral part of this statement.

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1995

Restricted Funds

	Adams	Mesa	MSCD	Western	OSC	Totai
Revenues and Other Additions						
Federal Grants and Contracts	$2,986,808	$3,546,783	$9,054,390	$1,111,463	$0	$16,699,444
State Grants and Contracts	1,183,827	1,408,335	4,952,041	975,134	0	8,519,337
Private Gifts, Grants and Contracts	499,118	83,092	245,695	322,553	0	1,150,458
Interest Income	0	0	0	0	5,947	5,947
Total Revenues and Other Addtions	4,669,753	5,038,210	14,252,126	2,409,150	5,947	26,375,186
Expenditures and Other Deductions						
Education and General	4,639,949	4,829,146	13,728,299	2,395,551	0	25,592,945
Auxiliary Operating Expenditures	0	156,542	0	29,917	0	186,459
Indirect Costs Recovered	92,497	45,562	332,331	5,683	0	476,073
Administrative Costs and Collection Costs	0	0	46,039	0	0	46,039
Other Deductions	0	0	0	22,139	0	22,139
Total Expenditures and Other Deductions	4,732,446	5,031,250	14,106,669	2,453,290	0	26,323,655
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers:						
Loan Fund Matching Grant	0	(9,942)	(76,538)	(35,682)	0	(122,162)
Current Unrestricted Fund Matching	0	0	292,604	0	0	292,604
Transfers (To)/From Other Funds	0	0	20,476	0	0	20,476
Total Mandatory Transfers	0	(9,942)	236,542	(35,682)	0	190,918
Non-mandatory Transfers						
Transfers (To)/From Other Funds	42,600	0	0	54,246	0	96,846
Transfers to the Campuses from the Board	0	0	5,698	0	(5,698)	0
Total Non-mandatory Transfers	42,600	0	5,698	54,246	(5,698)	96,846
Total Transfers Among Funds	42,600	(9,942)	242,240	18,564	(5,698)	287,764
Net Increase (Decrease) in Fund Balance	(20,093)	(2,982)	387,697	(25,576)	249	339,295
Fund Balance (Deficit)- Beginning of Year	44,714	86,969	101,573	107,964	128,894	470,114
Fund Balance (Deficit)- End of Year	$24,621	$83,987	$489,270	$82,388	$129,143	$809,409

The accompanying notes to the financial statements are an integral part of this statement.

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1995

Student Loan Funds

	Adams	Mesa	MSCD	Western	OSC	Total
Revenues and Other Additions						
Investment Income	$0	$5,483	$0	$6,847	$0	$12,330
Interest Income	51,965	15,862	228,435	35,351	0	331,613
U.S. Government Advances	29,324	29,856	315,490	107,153	0	481,823
Other Additions	5,160	0	0	31,011	0	36,171
Total Revenues and Other Addtions	86,449	51,201	543,925	180,362	0	861,937
Expenditures and Other Deductions						
Indirect Costs Recovered	11,745	174	0	42,019	0	53,938
Refunded to Grantors	0	0	69,982	0	0	69,982
Loan Cancellations and Writeoffs	82,046	14,402	(59,727)	49,108	0	85,829
Administrative Costs and Collection Costs	2,002	2,158	129,450	0	0	133,610
Other Deductions	0	0	2,583	28,445	0	31,028
Total Expenditures and Other Deductions	95,793	16,734	142,288	119,572	0	374,387
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers						
Loan Fund Matching Grant	0	9,942	76,538	35,718	0	122,198
Current Unrestricted Fund Matching	0	0	37,747	0	0	37,747
Total Mandatory Transfers	0	9,942	114,285	35,718	0	159,945
Non-mandatory Transfers						
Transfers (To)/From Other Funds	0	0	(50,000)	(20,482)	0	(70,482)
Total Non-mandatory Transfers	0	0	(50,000)	(20,482)	0	(70,482)
Total Transfers Among Funds	0	9,942	64,285	15,236	0	89,463
Net Increase (Decrease) in Fund Balance	(9,344)	44,409	465,922	76,026	0	577,013
Fund Balance (Deficit)- Beginning of Year	1,458,690	785,706	8,129,437	2,084,376	0	12,458,209
Fund Balance (Deficit)- End of Year	$1,449,346	$830,115	$8,595,359	$2,160,402	$0	$13,035,222

The accompanying notes to the financial statements are an integral part of this statement.

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1995

Endowment and Similiar Funds

	Adams	Mesa	MSCD	Western	OSC	Total
Revenues and Other Additions						
Investment Income	$2,304	$0	$0	$0	$0	$2,304
Total Revenues and Other Addtions	2,304	0	0	0	0	2,304
Expenditures and Other Deductions						
Total Expenditures and Other Deductions	0	0	0	0	0	0
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers:						
Total Mandatory Transfers	0	0	0	0	0	0
Non-mandatory Transfers						
Transfers (To)/From Other Funds	(2,600)	0	0	0	0	(2,600)
Total Non-mandatory Transfers	(2,600)	0	0	0	0	(2,600)
Total Transfers Among Funds	(2,600)	0	0	0	0	(2,600)
Net Increase (Decrease) in Fund Balance	(296)	0	0	0	0	(296)
Fund Balance (Deficit)- Beginning of Year	52,724	0	0	0	0	52,724
Fund Balance (Deficit)- End of Year	$52,428	$0	$0	$0	$0	$52,428

The accompanying notes to the financial statements are an integral part of this statement.

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State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1995

Unexpended Plant Funds

	Adams	Mesa	MSCD	Western	OSC	Total
Revenues and Other Additions						
State Grants and Contracts	$255,659	$355,776	$0	$597,926	$0	$1,209,361
Investment Income	0	1,759	0	0	0	1,759
Retirement of Indebtedness	96,840	216,000	0	0	0	312,840
Capitalization of Asset/Debt	0	0	0	855,807	0	855,807
Other Additions	0	0	0	11,664	0	11,664
Total Revenues and Other Addtions	352,499	573,535	0	1,465,397	0	2,391,431
Expenditures and Other Deductions						
Expended for Plant Facilities	0	197,046	0	234,545	0	431,591
Total Expenditures and Other Deductions	0	197,046	0	234,545	0	431,591
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers:						
Principle and Interest	503,464	344,264	0	500,825	0	1,348,553
Total Mandatory Transfers	503,464	344,264	0	500,825	0	1,348,553
Non-mandatory Transfers						
Transfers (To)/From Other Funds	0	863,167	0	(264,972)	0	598,195
Total Non-mandatory Transfers	0	863,167	0	(264,972)	0	598,195
Total Transfers Among Funds	503,464	1,207,431	0	235,853	0	1,946,748
Net Increase (Decrease) in Fund Balance	855,963	1,583,920	0	1,466,705	0	3,906,588
Fund Balance (Deficit)- Beginning of Year	405,728	4,710	0	(2,575,189)	0	(2,164,751)
Fund Balance (Deficit)- End of Year	$1,261,691	$1,588,630	$0	($1,108,484)	$0	$1,741,837

The accompanying notes to the financial statements are an integral part of this statement

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1995

Renewal and Replacement Funds

	Adams	Mesa	MSCD	Western	OSC	Total
Revenues and Other Additions						
State Grants and Contracts	$0	$56,800	$0	$0	$0	$56,800
Investment Income	33,121	14,107	0	0	0	47,228
Total Revenues and Other Addtions	33,121	70,907	0	0	0	104,028
Expenditures and Other Deductions						
Expended for Plant Facilities	259,678	671,127	0	133,893	0	1,064,698
Total Expenditures and Other Deductions	259,678	671,127	0	133,893	0	1,064,698
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers						
Total Mandatory Transfers	0	0	0	0	0	0
Non-mandatory Transfers						
Transfers (To)/From Other Funds	201,589	266,148	0	(80,000)	0	387,737
Total Non-mandatory Transfers	201,589	266,148	0	(80,000)	0	387,737
Total Transfers Among Funds	201,589	266,148	0	(80,000)	0	387,737
Net Increase (Decrease) in Fund Balance	(24,968)	(334,072)	0	(213,893)	0	(572,933)
Fund Balance (Deficit)- Beginning of Year	535,474	1,443,203	0	570,370	0	2,549,047
Fund Balance (Deficit)- End of Year	$510,506	$1,109,131	$0	$356,477	$0	$1,976,114

The accompanying notes to the financial statements are an integral part of this statement

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1995

Retirement of Indebtedness Funds

	Adams	Mesa	MSCD	Western	OSC	Total
Revenues and Other Additions						
Investment Income	7,492	11,905	0	0	0	19,397
Total Revenues and Other Addtions	7,492	11,905	0	0	0	19,397
Expenditures and Other Deductions						
Expended for Plant Facilities	902	0	0	0	0	902
Retirement of Indebtedness	120,000	360,000	0	34,279	0	514,279
Interest on Indebtedness	136,020	204,894	0	349,313	0	690,227
Total Expenditures and Other Deductions	256,922	564,894	0	383,592	0	1,205,408
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers						
Principle and Interest	419,795	163,258	0	383,592	0	966,645
Total Mandatory Transfers	419,795	163,258	0	383,592	0	966,645
Non-mandatory Transfers						
Transfers (To)/From Other Funds	0	0	0	186,649	0	186,649
Total Non-mandatory Transfers	0	0	0	186,649	0	186,649
Total Transfers Among Funds	419,795	163,258	0	570,241	0	1,153,294
Net Increase (Decrease) in Fund Balance	170,365	(389,731)	0	186,649	0	(32,717)
Fund Balance (Deficit)- Beginning of Year	8,695	601,990	0	33,351	0	644,036
Fund Balance (Deficit)- End of Year	$179,060	$212,259	$0	$220,000	$0	$611,319

The accompanying notes to the financial statements are an integral part of this statement

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1995

Investment in Plant Funds

	Adams	Mesa	MSCD	Western	OSC	Total
Revenues and Other Additions						
Additions to Plant Facilities	$715,755	$1,490,353	$1,070,778	$563,996	$0	$3,840,882
Retirement of Indebtedness	23,160	144,000	0	0	0	167,160
Capitalization of Asset/Debt	0	0	0	34,279	0	34,279
Other Additions		0	0	0	0	0
Total Revenues and Other Addtions	738,915	1,634,353	1,070,778	598,275	0	4,042,321
Expenditures and Other Deductions						
Expended for Plant Facilities	30,251	0	0	0	0	30,251
Interest on Indebtedness	1,606	4,525	0	0	0	6,131
Capitalization of Asset/Debt	0	0	0	855,807	0	855,807
Disposal of Plant Facilities	187,086	508,177	151,124	1,527,435	2,399	2,376,221
Total Expenditures and Other Deductions	218,943	512,702	151,124	2,383,242	2,399	3,268,410
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers:						
Total Mandatory Transfers	0	0	0	0	0	0
Non-mandatory Transfers						
Transfers (To)/From Other Funds	0	(3,315)	0	0	0	(3,315)
Total Non-mandatory Transfers	0	(3,315)	0	0	0	(3,315)
Total Transfers Among Funds	0	(3,315)	0	0	0	(3,315)
Net Increase (Decrease) in Fund Balance	519,972	1,118,336	919,654	(1,784,967)	(2,399)	770,596
Fund Balance (Deficit)- Beginning of Year	28,265,035	37,953,925	9,157,397	29,690,513	67,343	105,134,213
Fund Balance (Deficit)- End of Year	$28,785,007	$39,072,261	$10,077,051	$27,905,546	$64,944	$105,904,809

The accompanying notes to the financial statements are an integral part of this statement

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State Colleges in Colorado

Combining Statement of Current Funds Revenues,
Expenditures and Other Changes
Year Ended June 30, 1995

	Adams	Mesa	MSCD	Western	OSC	Total
Unrestricted Funds						
Revenues						
Tuition and Fees	$5,627,898	$9,433,627	$25,776,700	$7,768,250	$0	$48,606,475
State of Colorado Appropriations	7,354,760	9,744,918	31,516,673	5,851,711	1,225,454	55,693,516
Federal Grants and Contracts	80,752	46,858	430,266	44,984	0	602,860
State Grants and Contracts	0	0	66,274	2,718	0	68,992
Private Gifts, Grants and Contracts	4,290	196,630	12,532	2,164	0	215,616
Sales and Services of Educational Activities	0	44,633	1,920,714	0	0	1,965,347
Sales and Services of Auxiliary Enterprises	4,626,409	5,500,727	661,982	5,488,795	0	16,277,913
Other Sources	292,352	556,285	1,738,272	375,714	0	2,962,623
Total Revenues	17,986,461	25,523,678	62,123,413	19,534,336	1,225,454	126,393,342
Expenditures						
Instruction	6,536,768	10,005,667	29,420,245	6,043,215	0	52,005,895
Academic Support	1,375,244	1,715,364	6,538,048	1,104,851	0	10,733,507
Student Services	1,007,184	1,689,498	8,923,839	2,154,863	0	13,775,384
Institutional Support	1,935,128	2,016,863	8,143,210	2,150,249	1,068,249	15,313,699
Operation and Maintenance of Plant	1,717,320	2,202,161	6,054,584	1,471,856	42,808	11,488,729
Scholarships and Fellowships	102,610	307,885	101,603	180,994	0	693,092
Auxiliary Enterprises	4,284,559	5,991,792	1,918,287	5,256,161	0	17,450,799
Total Expenditures	16,958,813	23,929,230	61,099,816	18,362,189	1,111,057	121,461,105
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers:						
Education and General						
Principle and Interest	0	0	0	(40,212)	0	(40,212)
Loan Fund Matching Grant	0	0	0	(36)	0	(36)
Current Unrestricted Fund Matching	0	0	(330,351)	0	0	(330,351)
Auxiliary Enterprises						
Principle and Interest	(923,259)	(507,523)	0	(844,204)	0	(2,274,986)
Transfers (To)/From Other Funds	0	0	(20,476)	0	0	(20,476)
Total Mandatory Transfers	(923,259)	(507,523)	(350,827)	(884,452)	0	(2,666,061)
Non-mandatory Transfers and Other Additions (Deductions)						
Transfers (To)/From Other Funds	(241,589)	(1,126,000)	50,000	124,559		(1,193,030)
Transfers to the Campuses from the Board	134,864			0	(134,864)	0
Total Non-mandatory Transfers and Other Additions (Deductions)	(106,725)	(1,126,000)	50,000	124,559	(134,864)	(1,193,030)
Total Expenditures, Transfers and Other Additions (Deductions)	(17,988,797)	(25,562,753)	(61,400,643)	(19,122,082)	(1,245,921)	(125,320,196)
Net Increase (Decrease) in Fund Balances	($2,336)	($39,075)	$722,770	$412,254	($20,467)	$1,073,146

The accompanying notes to the financial statements are an integral part of this statement

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State Colleges in Colorado

Combining Statement of Current Funds Revenues,
Expenditures and Other Changes
Year Ended June 30, 1995

	Adams	Mesa	MSCD	Western	OSC	Total
Restricted Fund						
Revenues						
Federal Grants and Contracts	$2,986,808	$3,502,421	$8,473,156	$1,130,738	$0	$16,093,123
State Grants and Contracts	1,183,827	1,406,545	4,824,764	986,339	0	8,401,475
Local Gifts , Grants and Contracts	0	12,048	0	0	0	12,048
Private Gifts, Grants and Contracts	559,211	74,616	234,178	344,073	0	1,212,078
Interest Income	0	0	0	0	5,947	5,947
Total Revenues	4,729,846	4,995,630	13,532,098	2,461,150	5,947	25,724,671
Expenditures						
Instruction	517,044	564,114	2,714,262	216,913	0	4,012,333
Research	5,353	11,308	0	6,737	0	23,398
Public Service	0	82,423	122,030	90,916	0	295,369
Academic Support	75,164	132,778	464,765	46,089	0	718,796
Student Services	821,246	72,988	1,244,674	163,731	0	2,302,639
Institutional Support	177,006	27,024	177,270	52,112	0	433,412
Operation and Maintenance of Plant	87,692	7,412	0	243,889	0	338,993
Scholarships and Fellowships	3,048,941	3,931,099	9,051,337	1,575,164	0	17,606,541
Auxiliary Enterprises	0	156,542	0	29,917	0	186,459
Total Expenditures	4,732,446	4,985,688	13,774,338	2,425,468	0	25,917,940
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers						
Education and General						
Loan Fund Matching Grant	0	(9,942)	(76,538)	(35,682)	0	(122,162)
Current Unrestricted Fund Matching	0	0	292,604	0	0	292,604
Auxiliary Enterprises						
Transfers (To)/From Other Funds	0	0	20,476	0	0	20,476
Total Mandatory Transfers	0	(9,942)	236,542	(35,682)	0	190,918
Non-mandatory Transfers and Other Additions (Deductions)						
Transfers (To)/From Other Funds	42,600	0	0	54,246	0	96,846
Transfers to the Campuses from the Board	0	0	5,698	0	(5,698)	0
Excess of Restricted Receipts over Expenditures	(60,093)	(2,982)	387,697	(57,683)	0	266,939
Other	0	0	0	(22,139)	0	(22,139)
Total Non-mandatory Transfers and Other Additions (Deductions)	(17,493)	(2,982)	393,395	(25,576)	(5,698)	341,646
Total Expenditures, Transfers and Other Additions (Deductions)	(4,749,939)	(4,998,612)	(13,144,401)	(2,486,726)	(5,698)	(25,385,376)
Net Increase (Decrease) in Fund Balances	($20,093)	($2,982)	$387,697	($25,576)	$249	$339,295

The accompanying notes to the financial statements are an integral part of this statement.

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STATE OF COLORADO

J. DAVID BARBA, C.P.A.
Acting State Auditor

OFFICE OF STATE AUDITOR
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FAX (303) 866-2060

Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

November 10, 1995

Independent Auditor's Report on the Internal Control Structure Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Legislative Audit Committee:

We have audited the financial statements of the State Colleges in Colorado, a component unit of the State of Colorado, as of and for the year ended June 30, 1995, and have issued our report thereon dated November 10, 1995.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the State Colleges in Colorado for the year ended June 30, 1995, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the State Colleges in Colorado is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Revenues/receipts
- Purchases/disbursements
- Payroll disbursements
- Financial reporting
- Property and equipment
- Federal grant reporting

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the State Colleges' ability to record, process, summarize, and report financial data consistent with the assertions of management in the State Colleges in Colorado's financial statements. These reportable conditions are discussed in the Findings and Recommendations section of this report.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be a material weakness as defined above. However, we believe none of the reportable conditions described above is a material weakness.

STATE OF COLORADO

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November 10, 1995

Independent Auditor's Report on Compliance Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Legislative Audit Committee:

We have audited the financial statements of the State Colleges in Colorado, a component unit of the State of Colorado, as of and for the year ended June 30, 1995, and have issued our report thereon dated November 10, 1995. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the State Colleges in Colorado is the responsibility of State Colleges in Colorado's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the State Colleges' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the State Colleges in Colorado complied, in all material respects, with the provisions referred to in the preceding paragraph. However, the results of our procedures disclosed immaterial instances of noncompliance with the provisions referred to in the preceding paragraph, which are described in the Auditor's Findings and Recommendations section of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the State Colleges in Colorado had not complied, in all material respects, with those provisions.

J. David Barba

STATE OF COLORADO

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November 10, 1995

Independent Auditor's Report on Statement of Appropriations, Expenditures, Transfers, and Reversions

Members of the Legislative Audit Committee:

We have audited the statements of appropriations, expenditures, transfers, and reversions of the state-funded student assistance programs of the State Colleges in Colorado, a component unit of the State of Colorado, for the year ended June 30, 1995. These financial statements are the responsibility of the Colleges' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statements were prepared in the format as set forth in the Colorado Commission on Higher Education's *Colorado Handbook for State-Funded Student Assistance Programs*. The statements are a summary of cash activity of the state-funded student financial assistance programs with the exception of the Perkins Loan and College Work-Study Programs, and do not present certain transactions that would be included in the financial statements of the state-funded student financial assistance programs if presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles. Accordingly, the accompanying statements are not intended to present the financial position or results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the appropriations, expenditures, transfers, and reversions of the state-funded student financial assistance programs of the State Colleges in Colorado for the year ended June 30, 1995, in conformity with the provisions of the Colorado Commission on Higher Education's *Colorado Handbook for State-Funded Student Assistance Programs*.

J. David Barba

Adams State College
State-Funded Student Assistance Programs
Statement of Appropriations, Expenditures, Transfers, and Reversions
Year Ended June 30, 1995

	Total State-Funded Student Assistance	Part-Time Student Grants	Student Incentive Grants	Student Grant Program	Work Study Program	Graduate Grant Program	Colorado Nursing Program	Colorado Scholars Program	Non-Res Scholars Program	Athletic Grant Program
Appropriations:										
Original	1,592,209	3,664	65,948	359,873	344,399	12,032	2,712	129,525	607,015	67,041
Supplemental										
Transfers										
Total	1,592,209	3,664	65,948	359,873	344,399	12,032	2,712	129,525	607,015	67,041
Expenditures	1,592,209	3,664	65,948	359,873	344,399	12,032	2,712	129,525	607,015	67,041
Reversions	0	0	0	0	0	0	0	0	0	0

The accompanying footnotes are an integral part of this statement.

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Mesa State College
State-Funded Student Assistance Programs
Statement of Appropriations, Expenditures, Transfers, and Reversions
Year Ended June 30, 1995

	Total State-Funded Student Assistance	Student Incentive Grants	Student Grant Program	Work Study Program	Part-time Student Grant	Colorado Nursing Program	Undergrad Merit Program	Perkins Loan Match	Diversity Grant Program
Appropriations:									
Original	1,387,130	73,664	621,689	381,233	13,340	7,227	282,513	7,464	0
Supplemental	27,677		18,000	6,505			694	2,478	
Transfers	0		(118,072)	(27,904)			36,033		109,943
Total	1,414,807	73,664	521,617	359,834	13,340	7,227	319,240	9,942	109,943
Expenditures	1,414,807	73,664	521,617	359,834	13,340	7,227	319,240	9,942	109,943
Reversions	0	0	0	0	0	0	0	0	0

The accompanying footnotes are an integral part of this statement.

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Metropolitan State College of Denver
State-Funded Student Assistance Programs
Statement of Appropriations, Expenditures, Transfers, and Reversions
Year Ended June 30, 1995

	Total State-Funded Student Assistance	Student Incentive Grants	Student Grant Program	Work Study Program	Part-time Student Grant	Perkins Loan Match	Under-Grad Merit Program	Colorado Nursing Program	Diversity Grant Program
Appropriations:									
Original	3,966,427	151,110	1,733,469	1,049,176	95,160	95,364	842,148	0	0
Supplemental	0								
Transfers	(23,498)		(391,933)	(15,356)	500	(18,826)			402,117
Total	3,942,929	151,110	1,341,536	1,033,820	95,660	76,538	842,148	0	402,117
Expenditures	3,942,927	151,110	1,341,536	1,033,819	95,659	76,538	842,148		402,117
Reversions	2	0	0	1	1	0	0	0	0

The accompanying footnotes are an integral part of this statement.

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STATE COLLEGES IN COLORADO
STATE FUNDED STUDENT ASSISTANCE PROGRAMS
JUNE 30, 1995

Summary of significant accounting policies and notes to the Statements of Appropriations, Expenditures, Transfers, and Reversions.

Basis of Accounting

The College's accounting systems are structured and administered in accordance with the accounting principles promulgated by the National Association of College and University Business Officers in their revised publication College and University Business Administration, as supplemented by the American Institute of Certified Public Accountants industry guide Audits of Colleges and Universities.

The Perkins Loan Program matching requirement from general funds, as approved by the Colorado Commission on Higher Education, is recorded as a transfer from general fund to loan fund and not as a general fund expense and loan fund revenue.

All Student aid is expensed on a cash basis except for Perkins Loans and the College Work Study Program (CWS). Perkins Loan disbursements are recorded as loans receivable when the funds are disbursed. The CWS is on the accrual basis in that the expense is recognized when the services are performed.

Note A

Student Incentive Grants consist of 50 percent non-federal state funds and 50 percent federal funds. The amount shown is the combined total.

Note B

The Undergraduate Merit Award Program included expenditures for both the Colorado Scholars and Colorado Athletic Grant Programs.

CHADWICK, STEINKIRCHNER, DAVIS & CO., P.C.
Consultants and Certified Public Accountants

November 3, 1995

Independent Auditor's Report on the Application of Agreed Upon Procedures to the Records of Mesa State College and to Its System of Internal Accounting Control Related to the Intercollegiate Athletics Program

Members of the Legislative Audit Committee:

We have applied certain agreed-upon procedures, as discussed below, to the accounting records and system of internal accounting control of Mesa State College, as of June 30, 1995, solely to assist the college in complying with National Collegiate Athletic Association Bylaw 6.2.3.2. Our procedures and findings are as follows:

Schedule of Revenues and Expenditures - Agreed-Upon Substantive Procedures

a. We obtained the schedule of revenues and expenditures for the year ended June 30, 1995, as prepared by management and shown in the accompanying exhibit. We recalculated the addition of the amounts on the schedule, traced the amounts on management's worksheets and agreed the amounts on management's worksheets to the intercollegiate athletic series of accounts on the college's general ledger. We noted no differences between the amounts in the intercollegiate athletic series of accounts on the general ledger and the amounts on the worksheets. We discussed the nature of the worksheet adjustments with management and are satisfied that the adjustments are appropriate.

b. We compared reported ticket revenues to prices, number of games, and attendance figures. We noted no material exceptions between the recorded revenue and ticket revenue reported at individual athletic events.

c. Reported gift revenues were reconciled to the amounts recorded in the college's general ledger. In addition, these accounts were reviewed for individual contributions received directly by the intercollegiate athletics program that constituted more than ten percent of all contributions received for intercollegiate athletics. The Maverick Boosters, Inc. made a contribution of $30,000 which we noted in our testing.

Jerald F. Chadwick, C.P.A., P.F.S.
Joseph D. Steinkirchner, C.P.A., P.F.S.
Danny G. Davis, C.P.A.
Richard D. Genova, C.P.A.
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d. Expenditures for intercollegiate athletics are subject to the same budgetary controls as other institutional expenditures. When actual expenditures were compared to budgeted amounts, no significant unexplained variances came to our attention.

Because the above procedures "a" through "d" do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. No matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the intercollegiate athletics department of Mesa State College in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you.

Internal Control Structure: Policies and Procedures Related to Intercollegiate Athletics - Agreed-Upon Procedures

The Management of Mesa State College is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures are as follows:

e. We reviewed organization procedures with the director of athletics and discussed controls over the athletic department's policies and procedures and subsequent interaction with the business office. We noted a few weaknesses in the general control environment related to accountability and documentation procedures.

f. We reviewed the college's procedures for monitoring Mesa State College Foundation activities on behalf of intercollegiate athletics. We found that the director of athletics receives monthly reports of activities from the Foundation and has direct control over all receipts and authorizations for disbursements.

g. We reviewed the college's procedures for monitoring Maverick Boosters, Inc. activities on behalf of intercollegiate athletics. We learned that the director of athletics receives information regarding the activities of the Maverick Boosters, Inc. via telephone conversations with the vice-president of the organization. No formal report of activities is prepared.

Agreed-upon procedures "e", "f", and "g" applied to certain aspects of the college's system of internal accounting control were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because our study and evaluation was limited to applying agreed-upon procedures "e", "f", and "g" to certain aspects of the system of internal accounting control, we do not express an opinion whether the system of internal accounting control of Mesa State College in effect for the year ended June 30, 1995, taken as a whole, was sufficient to meet the objectives stated above. In connection with applying our procedures, we did note certain opportunities for improvement in internal accounting controls. Our findings and recommendations are presented in the Findings and Recommendations section for Mesa State College in this report.

This report relates only to the accounts and items specified above and does not extend to the financial statements of Mesa State College or its intercollegiate athletics department taken as a whole. This report is intended for the use of Mesa State College, the National Collegiate Athletic Association, and members of the Legislative Audit Committee and should not be used for any other purpose.

Chadwick, Steinkirchner, Davis & Co., P.C.

Exhibit B

STATE OF COLORADO
MESA STATE COLLEGE

INTERCOLLEGIATE ATHLETICS DEPARTMENT
SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 1995

	Football	Men's Basketball	Women's Basketball	Women's Volleyball	Other Sports	Non-Program Specific	Total Program
REVENUE AND OTHER ADDITIONS							
Student Fees	$72,444	$32,883	$37,951	$32,424	$65,899	$120,127	$361,728
State Grants - Financial Aid	58,360	17,736	19,673	17,096	35,619		148,484
State Appropriations	99,178	45,974	39,441	64,523	81,829	176,219	507,164
Contributions	21,540	71,056	5,083	6,463	40,232	61,892	208,266
Ticket Sales	28,697	10,821	6,293	1,985	3,369	487	51,852
Advertising					675	45,688	46,363
Program Sales & Concessions	1,504	4,502	42			7,064	13,112
Miscellaneous Income		3,500		4,074	1,168	14,770	23,512
Transfers In	35,000	7,000	3,600		23,800	4,440	73,840
Total Revenue & Other Additions	316,923	193,472	112,083	128,565	252,591	430,687	1,434,321
EXPENDITURES & DEDUCTIONS							
Salaries & Benefits	124,560	50,507	35,557	60,250	83,096	210,987	564,957
Supplies & Services	63,722	31,129	16,901	12,823	58,485	158,852	341,912
Travel & Recruiting	30,390	27,583	23,611	28,541	46,943	6,792	163,860
Allocated Expenses	6,260	2,356	1,601	1,542	3,946	4,612	20,317
Financial Aid	85,107	71,982	30,582	23,099	57,211		267,981
Transfers Out					1,000	22,600	23,600
Total Expenditures and Deductions	310,039	183,557	108,252	126,255	250,681	403,843	1,382,627
Revenue and Other Additions Over (Under) Expenditures and Deductions	$6,884	$9,915	$3,831	$2,310	$1,910	$26,844	$51,694

STATE OF COLORADO
MESA STATE COLLEGE

INTERCOLLEGIATE ATHLETICS DEPARTMENT
NOTES TO THE SCHEDULE OF REVENUE AND EXPENDITURES
JUNE 30, 1995

The Schedule of Revenue and Expenditures for the Intercollegiate Athletics Department at Mesa State College includes only those revenues and expenditures related to intercollegiate athletics and does not represent the results of operations of the College taken as a whole.

NOTE 1. RELATED ORGANIZATIONS

The Mesa State College Foundation and Maverick Boosters, Inc. are separate nonprofit corporations, over which the College does not exercise accounting control. Amounts paid by the Foundation and Maverick Boosters in support of Intercollegiate Athletics have been included as contribution revenue in this schedule.

NOTE 2. OVERHEAD ALLOCATIONS

Overhead expenses are allocated to intercollegiate athletics based on an institution-wide allocation plan. Facility maintenance, utilities and other overhead costs are not included in allocated expenses.

CHADWICK, STEINKIRCHNER, DAVIS & CO., P.C.
Consultants and Certified Public Accountants

November 3, 1995

Independent Auditor's Report Concerning Agreed-Upon Procedures Applied to Statements and Records Of Outside Organizations' Expenditures For or in Behalf of Mesa State College's Intercollegiate Athletics Program

Members of the Legislative Audit Committee:

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of Mesa State College, the Mesa State College Foundation, and the Maverick Boosters, Inc. in connection with activities of the intercollegiate athletics programs of Mesa State College. Our procedures and findings are as follows:

a. We obtained the following list of financial activities of the Mesa State College Foundation for the year ended June 30, 1995, from reports provided by the Foundation's director and the Vice-President of Finance for Mesa State College:

Beginning Cash Balance	Cash Receipts	Contributions to or in Behalf of Program	Other Deductions	Ending Cash Balance
$9,533	$1,054,609	($148,009)	($870,346)	$45,787

b. We obtained a schedule of expenditures by the Foundation for or in behalf of the college's intercollegiate athletics program and reconciled to the revenues recorded on the college's intercollegiate athletics series of accounts. No material exceptions were noted.

c. We audited the financial statements of the Mesa State College Foundation for the year ended June 30, 1995, and expressed an unqualified opinion on those statements. Our report to the Board of Trustees of the Mesa State College Foundation regarding the internal control structure at the Foundation did not identify any material weaknesses in internal control.

In addition, we reviewed internal controls specific to transactions related to intercollegiate athletics. Based upon this limited review of procedures, no material weaknesses in internal control were identified.

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Danny G. Davis, C.P.A.
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d. We obtained the following information regarding the financial activities of Maverick Boosters, Inc. for the period ended June 30, 1995:

Beginning Cash Balance	Cash Receipts	Contributions to or in Behalf of Program	Other Deductions	Ending Cash Balance
$2,399	$165,020	($32,303)	($133,940)	$1,176

e. No formal financial statements of Maverick Boosters, Inc. were available for review.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of the financial statements of the related outside organization in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported.

This report relates only to the accounts and items specified above and does not extend to any financial statements of Mesa State College or related outside organizations, taken as a whole. This report is intended for the use of Mesa State College, the National Collegiate Athletic Association, and members of the Legislative Audit Committee and should not be used for any other purpose.

Chadwick, Steinkirchner, Davis & Co., P.C.

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